

## News Summary

ESTER BUSINESS

### Lynch rebukes a peak—Belfast bombers climb

British Premier Lynch last night rebuked "totalitarianism" in Belfast yesterday which injured 28 people, many of them young office girls, and caused heavy damage to the central office district.

Mr. Lynch said: "I am deeply shocked and distressed by the bombing of Belfast last night. It is a tragedy which has caused the death of one person and the injury of 28 others, many of them young office girls. It has also caused heavy damage to the central office district."

Mr. Lynch said that he was "deeply shocked and distressed" by the bombing and that he was "deeply shocked and distressed" by the bombing.

### Gilts at a peak—equities climb

GILTS AND EQUITIES rose on the cut in Bank Rate and on the reserves figures. Gilts Index reached its 1971 peak, 76.20. Equities, 5.9 up at 413.9, were 0.3 below their peak.

GOLD added 25c at \$41.45.

BASE METALS were firmer on the Bank Rate news. Page 4.

UNITED DRAPERY Stores capped the GUS offer for A. and S. Henry. Page 21.

WALL STREET's index ended 1.6 up at 940.63.

STOCK MARKETS were cheered yesterday by the Bank Rate cut and, later, by the big rise in Britain's reserves. Leading London stock prices rose a few pence all round and good investment buying came in towards the close. Gilts closed with wide spreads ranging to 1. Their index rose 0.63 to 76.20, its best for seven months. The market price of the 10-year gilt edged up 1/8 to 102 1/2, while the price of the 10-year gilt edged up 1/8 to 102 1/2.

THE DOLLAR weakened slightly yesterday against most currencies. Dealings in London were quiet, aside from fluctuations in the gold market. The dollar edged up 1/16 to 2.42 against the pound. The dollar edged up 1/16 to 2.42 against the pound.

### Cahill still in U.S. custody

Mexican police in New York refused a request for IRA Provisional leader Joseph Cahill to be released from custody pending a hearing on Tuesday to decide whether he may be admitted to the U.S.

Cahill, 51, was arrested on his arrival from Dublin in March 1968 and has been held in custody ever since. He is charged with the murder of a British policeman in 1962.

In Dublin, a young man, John, was arrested on the charge of having been involved in the Cahill case.

### Europe arms gap wider

he numerical disparity between NATO and Warsaw Pact forces has widened further in favour of the latter, according to an annual report by the International Institute for Strategic Studies.

The difference is particularly marked in armoured vehicles, tanks, and heavy weapons. NATO has 1,500 tanks, while the Warsaw Pact has 2,500.

### Europe arms ICI's half

gap wider disappoints

IMPERIAL CHEMICAL INDUSTRIES first-half pre-tax profit, £2m, down from £2.4m after a first-quarter fall of £2m, was deemed disappointing though not applicable profit (after lower tax) is £1.5m (£1.8m). External sales rose £47m to £277m. Interim is again 61p. Page 22.

### Una-18 launched

Russia yesterday launched Luna-18, the latest in its series of moon probes. However, officials did not say immediately whether it would attempt a soft landing as claimed by its two predecessors.

### Chief price changes

Prices in pence unless otherwise indicated

Wheat 6 1/2	177 1/2	199 1/2	1 1/2
Asso. Biscuits	301	8	
British Canadian Inv.	180	10	
Avonmouth Foods	87	8	
Costain (R)	208	1/2	
Johns	187	1/2	
Justy's	187	1/2	
Sure	187	1/2	
Fairclough (L)	285	13	
Grand Met Hotels	188	10	
GUS	424	8	
Guinness	402	14	
Guinness 'A'	505	10	
Hoover	505	15	
Lennox Supermark	106	7	
Lewis and Peat 'A'	158	14	
Marshall's	293	10	
Mercantile Secs.	183	7	
Mining Supplies	238	6	
Scott and Newcastle	454	8	
Sterling Guarantees	311	16	
Sun Alliance	498	16	

## BANK RATE CUT 1% TO 5%—LOWEST SINCE 1964

# Record inflow of funds puts reserves at all-time peak

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

YESTERDAY'S cut in Bank Rate from 6 per cent to 5 per cent, brings the rate down to its lowest level since February, 1964. Within hours of the announcement by the Bank of England yesterday, the Treasury revealed that there had been an unprecedented inflow of \$651m (\$1,583m) across the exchanges during August, bringing the official reserves up to an all-time peak of £2,003m (\$4,507m) at the end of the month.

Of the inflow, £250m (\$614m) represented maturing swap transactions with overseas central banks, of funds which would otherwise have come into the reserves earlier in the year. This £250m has gone to pay off all outstanding instalments on the U.K.'s long-term debt to the International Monetary Fund. The country's total IMF debts are now down to \$415m (\$997m).

In addition to the IMF repayment there was a small long-term debt service payment of \$5m (\$12m) during the month in respect of the Portuguese Sterling Bond.

The Bank Rate cut is primarily a defensive move, and has been prompted mainly by international considerations. A Bank of England spokesman yesterday said: "The present strength of Britain's external position, and the current uncertainties in the international monetary situation." He went on: "This move is consistent with the exchange control measures which were introduced with effect from last Tuesday to discourage speculative inflows from abroad."

The outstanding consideration has been to stop the sterling rate from floating upwards, but to do so without having to take in more dollars.

There is an obvious danger that a sharp upward movement in the pound could accelerate the deterioration in the U.K.'s competitive position, which has been indicated by international comparisons of export prices.

But a more immediate tactical point is that, too sharp a rise in the pound now might seriously weaken the U.K.'s hand in the coming negotiations over an international realignment of currencies.

Last week-end's exchange control measures were limited in their scope to inflows from the non-sterling area. The Bank Rate cut is effectively aimed at stemming inflows from the sterling area itself, by eliminating the disparity between U.K. interest rates and those in other major countries.

The precautionary aspect of the exchange control/Bank Rate package can be illustrated by the fact that there has been very little inflow of funds since the exchange markets reopened after being closed for the week following the Nixon measures of August 15.

It is understood that virtually all the \$330m (\$837m) by which the reserves rose—after the IMF repayment—flowed into the U.K. during the three days preceding the Nixon measures. While this inflow was enormous by U.K. standards, it has to be remembered that there were higher inflows into other European countries during the same three days, and several thousand million dollars went into Japan.

But after the floating of the Japanese yen there were serious worries that the U.K. would become the prime target for speculative funds. Apart from the attraction of higher interest rates here—until yesterday, that is—the U.K. authorities were faced with the prospect of a series of announcements which would inevitably be bullish for sterling in the short-term. In addition to the gold reserves, the August trade figures, to be announced shortly, are likely to be good, and the second quarter's balance of payments figure, due later in the month, will show another large surplus.

Even the most ardent proponents of a floating pound within the Government have had to concede that the battery of exchange controls and twister systems being operated abroad would impede market forces and make it impossible to conduct a genuine float.

The final moment of truth preceding the exchange controls and Bank Rate package was the time towards the end of last week when sterling rose above \$2.48. It is reliably understood, however, that official intervention in the market amounted to only the mildest touch.

If it had not been for the above considerations the authorities would have been unlikely to cut Bank Rate quite so soon. The interest rate weapon was being held in reserve until the effects of the April Budget and the July mid-Budget could be assessed, and it is a little early to form a reasonable judgment on this point.

But, given the external factors,



the authorities seem to have decided that there were certainly no strong domestic arguments against a Bank Rate cut. In particular, they appear to have been concerned at the low level of industrial demand for bank loans and by the suggestion, brought out yesterday by the National Institute—that business confidence was still at a low ebb. Thus a cut, whatever the timing, could be said to fit in with the Government's attempt to get output up and unemployment down.

The Bank Rate reduction was welcomed by the Confederation of British Industry as a deflationary measure which should alleviate the depressed state of the economy. In spite of the fact that U.K. interest rates are now well below the going rate of inflation—and negative in real terms—it has long been argued by bodies like the CBI that the level of interest rates in the last few years has been a serious disincentive to industrial investment.

With effect from yesterday, the interest rate paid by clearing banks on deposit accounts comes down from 4 per cent to 3 per cent, and all overdraft rates are reduced by one percentage point. This means that the rate for "blue chip" borrowers—a diminishing category—comes down from 7 per cent to 6 per cent, and for most other industrial borrowers the range of interest rates charged will now be 7 to 8 per cent, compared with the 8 to 9 per cent, being charged before. The maximum rate on private individuals' overdrafts is now—in the majority of cases—8 to 10 per cent. Rates for medium-term lending to industrial and commercial customers are likely to follow the downward trend.

The Bank Rate reduction has come a matter of weeks before the bank cartel on interest rates is due to be disbanded under the Bank of England's new arrangements for credit control. It is generally assumed that under the new policy the traditional rigid link between Bank Rate and overdraft rates will be severed, and rates charged by banks will reflect market conditions more closely.

## NCB seeks to convert half its borrowings to equity

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

THE National Coal Board is trying to convince the Government to convert about half of its £640m borrowings from the State into public dividend capital, it was revealed yesterday with publication of the Board's annual report.

Mr. Derek Ezra, the NCB Chairman, explained that he felt "a cynical industry such as coal that there was a risk element which should be reflected in the way the industry was capitalised."

The object of the exercise is to enable the NCB to pay a dividend on at least half of its borrowings in the good years and to ensure that the industry is not over-capitalised.

At the moment the NCB is charged with the task of breaking even in each year, after meeting interest charges on its borrowings. Last year, after paying interest charges of £38.9m, some £35.3m to the State, the Board made a profit of £900,000.

Mr. Ezra pointed out that in the whole history of the publicly-owned coal industry it had made an operating profit, except in 1947 when prices were pegged at pre-war levels.

"If this industry had been financed on an equity basis, which an industry as speculative as mining should be, then in every year since 1947 we should have been able to pay our shareholders a dividend," he said.

Apart from the greater flexibility which it would give the NCB's financial management, a move to public dividend capital would also tend to help the Board to maintain morale in the industry, which is currently high in poor years it would be able to defer paying a dividend rather than report an actual loss.

In the first four months of the current financial year, the NCB has traded and operated profitably, but Mr. Ezra would not forecast the likely result at the end of the year.

Much depends on the result of the National Union of Mineworkers' current pay claim for increases totalling about £120m, and the timing of any resurgence in industrial activity, particularly in steel and electricity generation.

Given favourable circumstances, the NCB believes it can at least break even again this year, despite its commitment to the Confederation of British Industry's policy of price restraint, which allows for increases of not more than 5 per cent before the end of next July.

Even without this commitment, the Board would have found it difficult to raise prices by more than a limited amount, Mr. Ezra admitted, because of likely market resistance.

Mr. Ezra made it clear that the NCB would be very reluctant to approach the Government for further loans, if the CBI commitment and other problems led to difficulties, although the Government has said that it would look favourably on such an approach.

"This is really the last thing we want to do. We have to pay for our borrowings and pay heavily," he said. "We want to make ourselves a viable, profitable organisation."

That attitude alone might be enough to persuade the Government to allow the public dividend capital experiment to go ahead. Together with the fact that coal is closely tied to the fortunes of steel, another cynical industry and one where there is an element of risk, the argument could be successful.

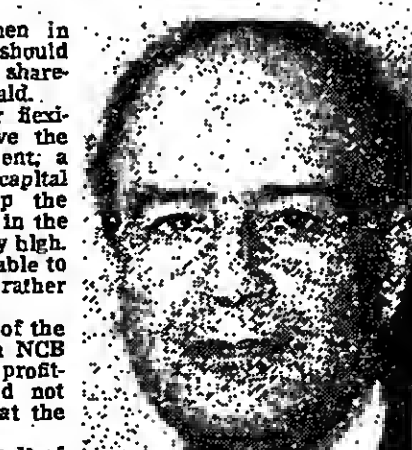
The Government is also currently discussing with the Board the future of some ancillary industries, but there is unlikely to be a quick decision on "hiving off." Only preliminary talks have been held so far.

Among other points made by Mr. Ezra yesterday were:

1—Supplies. Stocks held by customers stand at over 20m. tons, 4m. tons more than at the same time last year, and there should be no problems this winter unless there is a major dispute of exceptionally severe weather conditions.

2—Morale. There has been a 25 per cent improvement in recruitment in the first 20 weeks of this year, and wastage has fallen by 20 per cent. Although the main benefits of modernisation to productivity have not been realised, it went up by 1.7 per cent last year to a new record level of 44.2 cwt a man-shift.

3—Demand. Currently depressed. The steel industry market has fallen by 15 per cent in the last 21 weeks and overall demand is running at about 5m. tons, or 10 per cent, below the comparable level last year. It is hoped that reflation will bring improvements.



Mr. Derek Ezra

### Caledonian in cheap air link to Far East

BY RAY DAFER

BRITISH CALEDONIAN AIRWAYS, the Far East Travel Centre yesterday announced details of their low-fare Far East services. In conjunction with these services, FETC is offering a combined air-sea package between London and Fremantle for £145 single.

The single fares—£80 between London and Bangkok and £85 to Singapore and Kuala Lumpur—are in line with those being offered by British Overseas Airways Corporation on its "cheap fare" Far East flights.

Both airlines have been granted Government exemptions from normal licensing requirements to operate the flights on a charter basis.

Mr. Gilbert Brown, managing director of FETC, said there had already been a big public response to the services, which represent substantial savings on scheduled flights. (Normal economy fares between the U.K. and South East Asia are about £220 single.)

A special feature of the British Caledonian services will be the Asian stewardesses. Twelve Asian girls were recently employed for training as stewardesses aboard the low-fare flights.

Mr. Brown said that in addition to the direct flights FETC was using the new services to provide low-cost, air-sea services between the U.K. and Australia.

For £145 single, the company offers a flight to Singapore with a hotel stop-over and connecting passage to Fremantle. The complete journey takes about eight days.

Fares row, Page 5

## Union split on registration issue will divide TUC

BY JOHN ELLIOTT, LABOUR EDITOR

THE split in the trade union movement over the issue of registration under the Industrial Relations Act will divide the annual Trades Union Congress here next week when a large number of unions try to force the TUC to "instruct" unions not to register.

This would be against the wishes of the TUC General Council and would amount to a considerable strengthening of the existing TUC policy drawn up last February in Croydon, which said "strongly advised" unions not to register as the first stage of the TUC's non-cooperation policy with the Act.

By 24 votes to 16, the General Council, at its first pre-congress meeting here to-day, decided that the Croydon policy was sufficient and that to change it to an instruction not to register—which would lead to disciplinary action being taken against those unions which operated their right to draw up their own policies—would split the trade union movement. This point of view will be put forward strongly next week by Mr. Vic Feather, TUC general secretary.

However, those among the minority, which was mainly on the Left wing and included Mr. Jack Jones and Mr. Hugh Scanlon, leaders of the country's two largest unions, argued that there was already a split. With others, such as Mr. Danny McGarvey of the hattermakers, they argued that it would be best to bring the issue into the open so that it would be clear, when the Act is debated next Tuesday, where unions stood.

Mr. Jones' and Mr. Scanlon's transport and engineers together with others, such as the construction workers, hattermakers, postmen and public employees, total between 3.5m. and 4m. of the TUC's 8.5m. total votes. This means that they need to gain the support of several more unions—including the miners—if they are to win and the registration issue will therefore be a cliffhanger dominating the Continued on Back Page.

### ON OTHER PAGES

#### THE PRIVATE COMPANY

To-day's issue contains five pages (12-16) on the Private Company

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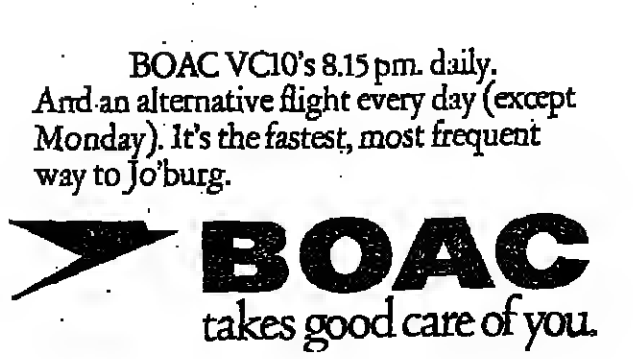
#### THE £ ABROAD

	Close	Sept. 2	Close	Previous
New York (Sep. 2)	\$2,488.45	\$2,485.45	\$2,485.45	\$2,485.45
London (1.15pm)	1.00pm	0.74	0.80pm	0.74
Paris (1.15pm)	1.00pm	0.74	0.80pm	0.74
Frankfurt (1.15pm)	1.00pm	0.74	0.80pm	0.74
Stockholm (1.15pm)	1.00pm	0.74	0.80pm	0.74
Oslo (1.15pm)	1.00pm	0.74	0.80pm	0.74
Copenhagen (1.15pm)	1.00pm	0.74	0.80pm	0.74
Helsinki (1.15pm)	1.00pm	0.74	0.80pm	0.74
Toronto (1.15pm)	1.00pm	0.74	0.80pm	0.74
Montreal (1.15pm)	1.00pm	0.74	0.80pm	0.74
Chicago (1.15pm)	1.00pm	0.74	0.80pm	0.74
San Francisco (1.15pm)	1.00pm	0.74	0.80pm	0.74
Hong Kong (1.15pm)	1.00pm	0.74	0.80pm	0.74
Shanghai (1.15pm)	1.00pm	0.74	0.80pm	0.74
Canton (1.15pm)	1.00pm	0.74	0.80pm	0.74
Beijing (1.15pm)	1.00pm	0.74	0.80pm	0.74
Tientsin (1.15pm)	1.00pm	0.74	0.80pm	0.74
Peking (1.15pm)	1.00pm	0.74	0.80pm	0.74
Harbin (1.15pm)	1.00pm	0.74	0.80pm	0.74
Qingdao (1.15pm)	1.00pm	0.74	0.80pm	0.74
Jinan (1.15pm)	1.00pm	0.74	0.80pm	0.74
Nanchang (1.15pm)	1.00pm	0.74	0.80pm	0.74
Hangzhou (1.15pm)	1.00pm	0.74	0.80pm	0.74
Suzhou (1.15pm)	1.00pm	0.74	0.80pm	0.74
Wuxi (1.15pm)	1.00pm	0.74	0.80pm	0.74
Zhuzhou (1.15pm)	1.00pm	0.74	0.80pm	0.74
Chongqing (1.15pm)	1.00pm	0.74	0.80pm	0.74
Kunming (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guiyang (1.15pm)	1.00pm	0.74	0.80pm	0.74
Yunnan (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guizhou (1.15pm)	1.00pm	0.74	0.80pm	0.74
Shaanxi (1.15pm)	1.00pm	0.74	0.80pm	0.74
Shandong (1.15pm)	1.00pm	0.74	0.80pm	0.74
Henan (1.15pm)	1.00pm	0.74	0.80pm	0.74
Hubei (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guangdong (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guangxi (1.15pm)	1.00pm	0.74	0.80pm	0.74
Yunnan (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guizhou (1.15pm)	1.00pm	0.74	0.80pm	0.74
Shaanxi (1.15pm)	1.00pm	0.74	0.80pm	0.74
Shandong (1.15pm)	1.00pm	0.74	0.80pm	0.74
Henan (1.15pm)	1.00pm	0.74	0.80pm	0.74
Hubei (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guangdong (1.15pm)	1.00pm	0.74	0.80pm	0.74
Guangxi (1.15pm)	1.00pm	0.74	0.80pm	0.74

## EASTEST WAY TO JO'BURG.

### 13 TIMES A WEEK.

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## Small firms

## Different sort of consultancy

## The lion's share

Those of us who are concerned to ensure the survival and prosperity of small firms now await government action based on the forthcoming report of the Bolton Committee of Inquiry on Small Firms. It is hoped that the outcome is not a bureaucratic organisation, duplicating the work of

Sir,—I agree with much of what Mr. Michael Armitage (September 19th) says, and quotes about the rapid increase in world population in recent years. It is some time since I visited India, but I am assured him that I am very much alive to the seriousness of the situation there and to the measures, no doubt inadequate, which the Indian Government are employing to tackle it. Furthermore, having seen Basildon grow over the 20 odd years since 1951 from a tiny hamlet to a size greater than that of Oxford, I am aware that there are other factors

problem in this country also. The Ehrlichs, however, predicted mass starvation for the countries of Western Europe and for the U.S. by the end of this century and here I think they are over-optimistic. Certainly if the U.K. and other countries had not controlled their birth rates over the last century we would be facing famine already, but the fact remains

Sir.—The debate on the population explosion continues to be bedevilled by jumbling up a number of different problems. The alleged excess population in this country may eventually lead to considerable congestion, particularly if these rising numbers continue to demand an ever increasing output of, say, motor cars and disposable packages; but the resulting inconvenience is nowhere nearly comparable in gravity to the dire straits and hardships of the underdeveloped countries, such as the appalling figures for undernourishment and actual starvation quoted by Mr. Armitage.

A further confusion arises in the respect of "wanted" and "unwanted" children. It is always assumed that women wanted children when they were young, but there really is a population explosion, but this is by no means proved. In primitive communities with a subsistence economy based on farming or fishing, child labour is of great material value to the family. And it is those primitive communities that are most likely to have adequate social benefits such as old age pensions: that the comfort or even survival of old people may well depend on sufficient children and grandchildren to support them. I have heard the high level of infant mortality in these primitive communities, and pregnancies may well be thought necessary to assure the desired minimum number of surviving children. Hence the difficulty in sometimes propagating any method of family limitation in these countries where we should think that the need to have so far avoided any

Sir.—Your correspondent, Mr. Abbey (September 1), who gave such a glowing account of Japan's abortion laws can hardly be aware that in 1969 the Japanese Prime Minister warned the Japanese Parliament that their abortion laws would have to be altered if the Japanese nation were to survive. Iron

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tion. There is a difference in kind here and not merely one of degree. Particularly where abortion is concerned, the difference is that a few weeks of pregnancy, say, that the foetus removed looks like a miniature baby or is even viable, there is a moral probability that it is also a genuine child. Once these are blunted it is perhaps only a small step to removing unwanted babies even when they are born. It is not surprising to Japan may be very apposite indeed: when, under the Shogunate, the population of that country was so small that the practice of abortion and infanticide were equally recognised as a normal means of keeping down the number of births. Treating abortion as a crime, therefore, may save the life of the mother, but as something casually acceptable may well lead in a similar direction.

— *John Steiner.*

26, Oakeshot Avenue, N.S.

Sir,—I was very interested to read your leading article of August 31 about the recent reshuffle of the Greek Government and the reorganisation of our country's administrative structure. I cannot, however, agree with the assumption made and the motives you attach to these changes, and would like, therefore, to be allowed to make certain comments.

terficially concerned. The new constitution is motivated solely by the Government's determination to speed up the process leading to the full establishment of genuine democracy. It is hoped that the new system of greater co-ordination, redistribution of functions and decent decentralisation will prevent regressions to the conditions of anarchy, incompetence and chaos which have prevailed in Greece before 1967. It is hoped that these administrative reforms will bring State activity into line with present-day needs. One of the Greeks' main aims would be to have a Government which would be open to grapple with the problems of parliamentarism, as provided for by the Greek Constitution. The reshuffle, on the other hand, enabled some of our best-known academics and other distinguished personalities to join the Government which, I am sure, will do nothing of the kind to its unity and dedication.

Ioannis A. Sorokos,  
Ambassador.  
Royal Greek Embassy.

Sir.—In the recent correspondence on stock control in a manufacturing business, it has been admitted that control over work in progress is important but difficult to effect. The following method of analysing quantity, cost and price changes of work in progress from year to year may provide an answer. Work in progress consists of raw materials, wages, factory overheads, less payments on account, less write offs.

To ascertain the variances, the name constituent items of the previous year will be compared with this year.

The amount of raw materials divided by the quantity of raw materials will give the average cost of raw materials in work in progress.

A quantity and cost variance for each quality of raw material can be calculated and the total of the quantity and cost variances for each separate quality will hence the quantity and cost variance of the final amount of raw materials in work in progress.

Similarly with wages, the hours

Mr. Sir—I have been following your correspondence on management, development arising from Mr. Margerison's article of October 18 and Mr. Birchall's of October 23, and, again, your comments on the rigidity of organizational structures. However, I would like to point out a further, unresolvable, point where management and organization, which many British managers, namely, that of "time-taking."

Many companies, and individuals within them, seem to be unable to see that the "time-taking" attitude, and the word "manager" is falling into disrepute. Nowadays, many managers have nobody to manage, and they are not even known in keeping this mystique going without actually

changing any of the content of the person's job. The facts, we are now getting to the stage where, unless someone is called a "director," he has no status at all and any reasonable evaluation of worth or content will soon show the fallacy of this approach.

I would therefore advocate that there is a middle course to be adopted where, on the one hand, a "losse" organisation is given the status of a director, and the people employed is married to meaningful job titles with clear lines of authority and standards of performance expected to meet the stated objectives of the company on the other.

D. M. Dryburgh,  
8, Harrow Drive, Hornchurch,  
Essex.

Sir.—I really must oblige your readers letter. The burden (August 26) of Bowen's statement that it is a right to deranging that is the "source of all" ignores the fact that without local government services such as sewerage, sewage disposal, refuse disposal, street cleaning, highways, police, fire etc., this business could not exist.

C. A. F. Garland,  
The Town Hall

## Gold and apartheid

"Sir.—The discussion on  
 "Changes in the approach to  
 "acquisitions." (Lex column,  
 August 23), partly overlooked  
 one important factor that has  
 proved fundamental to the  
 success of the new breed of con-  
 domerates: their insistence upon  
 reevaluating potential acquisitions  
 on the basis of current, factual  
 financial data.  
 It is interesting to compare the  
 highly heuristic approach  
 adopted to published information

Sir.—With respect to Goldpartheid (August -26) the pertinent question surely is whether an upward revaluation of gold would benefit, in particular, Russia, but whether, in fact, that country's ultimate motives, the proliferating influences throughout the communist world of continued avoidance of revaluation may not be as their purposes even better.

(Professor) C. A. W. Mann  
Methuen, Felsted, Essex

# TV/Radio

**COMPANY MEETINGS—**  
**CUNIO FIDELITY,** Leeds, 12. (Chairman,  
 Mr. E. Powell.)  
**VANA GROUP,** Newport, 12. (Chairman,  
 Mr. R. Reed.)  
**BEAR BRAND,** Liverpool, 11.30. (Chairman,  
 Mr. H. A. Bainbridge.)  
**PROFESSOR W.C. LEEDS UNIVERSITY, S.W.,**  
 12.1. (Chairman, Lord Abercromby.)  
**COOPER (FREDERICK),** Waterhampton,  
 12.1. (Chairman, Mr. J. C. Gurney.)  
**BRECKENWOOD AND BATELY,** Leeds, 12.  
 (Chairman, Mr. A. C. L. Suckwood.)  
**SPIRITWORTH CERAMIC CHURNS,** Cross  
 Street, W.C. 12. (Chairman, Mr. F.  
 Broth.)  
**KARYATY GROUP,** St. Kirby Street,  
 12.1. (Chairman, Mr. J. Marsay.)  
**RAGLAN PROPERTY TRUST,** Abercorn  
 Rooms, E. 12. (Chairman, Mr. J. A.  
 Jones.)  
**CLIFFE (F. S.) INDUSTRIES,**  
 Rochdale, 12. (Chairman, Mr. F. S.  
 Ratcliff.)

Extra-ordinary meeting.

**BBC 1**

\*1.00 p.m. Dyfal Donc. 1.30  
The Herbs. 1.45 News. 2.00 Show  
Jumping from Hickstead, Sussex.  
2.55 Play School. \*4.40 Jackanory.  
4.55 Score with The Scaffold. \*5.25  
Boss Cat.

5.50 News.  
6.00 London This Week.  
6.30 To-morrow's World.  
6.45 We Want to Sing.  
7.15 The Virginian.  
6.30 A. P. Herbert's Misleading  
Cases.  
9.00 Nine O'clock News.  
9.20 It's a Knock-out!  
10.35 24 Hours.

The following times:-  
 Wales - 1.30-1.45 p.m. Ar Lin  
 " " " " 6.00-6.20 Wales To-day  
 " " " " 4.45-7.10 Heddlu, " 7.10-7.25 Dyfal  
 " " " " 7.35-7.40 Tom and Jerry  
 " " " " 9.05 Music on Command, 8.95-  
 " " " " 9.00 Here's Lucy, " 11.05-11.25  
 " " " " Ynybudd Ffithlath.  
 Scotland - " 6.00-6.20 p.m. Report-  
 ing Scotland, " 11.32 Scottish News  
 headlines.  
 Northern Ireland - " 6.00-6.20 p.m.  
 News Around Six, " 11.33 Northern  
 Ireland News headlines.  
 Wales and Scotland - " 6.00-6.20 p.m. Look  
 East from Leeds, Manchester,  
 Newcastle; Midlands To-day  
 from Birmingham; Look East  
 from Liverpool; Points West

**ANGLIA**

7:40.0 p.m. Anglia Newsroom. 4.03 You & Your Health. 4.30 The Ramper Room. 4.58 The Horse to the Bottom of the Sea. 5.00 The Anglia. 6.03 The Newsround. 7.30 The Tomorrow 7.1. 8.00 Usual Five-O. 10.30 The Name of the Game. 12.00 Reflection.

**ATV MIDLANDS**

7.35 p.m. To-morrow's Horoscope. 7.40 Women To-day. 8.18 Julia. 8.40 Zingalong. 9.00 Thunderbirds. 9.00 ATV To-day and Tomorrow. 9.30 Crossroads. 10.00 The Legend of Jesse James. 10.30 Albert and Victoria. 11.00 Manner. 11.30 Late Movie: "Fanale" starring Talulah Rhys-Joneshead. Stelanie Powers. Peier Penkhead and Maurice Kaufman.

**BORDER**

## SCOTTISH

7:25 p.m. Locations Edinburgh, 2:00  
Lions from Sandown Park. 4:19 Interval.  
1:15 Yak. 4:30 Crossroads. 4:55 Holid  
Cavalcade. 5:20 Skippy. 6:00 Scotch  
News. 6:30 Glasgow. 1:30 The Sat.  
1:25 Albert and Victoria. 1:30 11-11 Tar-  
nack. 1:50 Festival. 1:50 Late Call  
1:35 Late Movie. "Heckle Skelter."  
Marjorie Carol Marsh and David Tomlin-  
son.

## SOUTHERN

3:10 p.m. Yoda for Health. 3:35 To-  
day's Horoscope. 3:40 Women Today.  
1:10 Home-party. 4:25 General W.W.  
3:30 Crossroads. 4:55 Secret Service.  
1:00 Day by Day (Channels 6, 11 and 27).  
1:50 Scene South-East (Channels 10 and  
11).

## A nursery 'snip'

by DARE WIGAN

ALTHOUGH the Solario Stakes at Sandown has lost some of its prestige, it usually requires a good two-year-old to win the prize last year's winner was *Athena* (Good) and there are some useful youngsters in the field this afternoon (3.30).

They include *Meadow Mint*, winner of the Chesham Stakes at Ascot, though to some, it foisted his copy book by an extraordinary display of histrionics in the first stage of the Gimcrack Stakes at Park where Lester Meggott had no option but to pull him up soon after the start.

However, it seems that the fiddle had slipped forward onto the entrants' wrists, which would explain the circumstances.

Of the other runners, *Buffy*, who defeated *Royal Shiraz* over course and distance here last month, is an obvious danger. However, both *Royal Shiraz* and *Cherry*, who finished third and second in *Buffy*'s last race, are good and for this I prefer *Martinez*, who impressed them defeating Wednesday's easy Park winner, *Amplifier*, at Newbury in June, and who subsequently scored easily over seven furlongs at Sandown.

Weather of last *Meadow Mint*

**NEW SERIES** of nightly entertainment shows, two on Monday-Friday sessions of massive pop between 10 p.m. and midnight and an Elvis Presley series were announced yesterday by the BBC in an autumn package of programmes for Radios 1 and 2. The "big star" line up of entertainers and disc jockeys will begin on October 4.

1 If I turn to mounra there is  
light resistance (6)  
5 Calf-bound service in the  
spring (6)  
9 Lover, losing his head, is like  
a new star (8)  
10 Grateful good man gets us a  
position (6)  
1 Strange dames err becoming  
visionaries (8)  
2 Enjoy a spread for gentlemen  
(6)  
4 Become redoubant at the  
butcher's (3, 4)  
5 Sound earnings about the  
crooked ecclesiastics (10)  
2 Is going round the wood for  
perfect specimens (6)  
1 The expert has to

4 Principles of an oriental  
up on canvas (6)

5 "In the \_\_\_\_\_ and anger of  
his lip" (T. N.) (5)

6 Artist with a beautiful  
in his salad days? (6)

7 "All other lovers being \_\_\_\_\_  
or dead" (Yeats) (8)

**DOWN**

8 Rebel after the Soccer chiefs,  
it's a front (6)

9 Odd lenses to make things  
smaller (8)

0 Put a skirl on mother to cover  
the bare essentials (6)

6 The code of extravagant schemes (5)  
7 No hackneyed sound for a Socialist (3, 5)  
8 Bob's youngest? It all depends on him (4, 4)  
9 Census demand for shipboard accommodation (10)  
10 The sergeant to get one into church (2)  
11 Filmed or vetted (5)  
12 Birds surround the deceased rivals (8)  
13 One who utters a coin (6)  
14 Discernment gets people to follow a copper (6)  
15 Dress for the reluctant in church (6)

of Dracula, starring Lon  
 Chaney Jr.  
 110 On Reflection . . . Brian  
 Aulsebrook  
 Aulsebrook Reflects on H. G.  
 Wells.

**RADIO 1** **247m**  
 music checks, up-to-the-minute traffic  
 reports and News summaries at 5.30 a.m.,  
 6.30, 10.00 every hour on the half-  
 hour until 2.30 p.m., 5.00, 5.30, 4.00, 4.30,  
 5.30, 6.00, 5.00, 6.00, 11.00, 12.00, 1.00, 2.00,  
 1.00 a.m., 2.00. Weather at 5.32  
 a.m., 6.02, 6.32, 7.02, 8.32, 9.02 p.m., 6.32,  
 7.02 a.m.

1.00 a.m. As Radio 2. 7.00 News  
 on Radio 2. 9.00 Johnnie Walker. 10.00  
 News. 11.00 Blackburn. 12.00 Radio 1 Club.  
 1.00 a.m. The Tenth Invisible. 2.00 Terry  
 Duggan. 3.00 Grand Tumble. 4.00 Sound  
 by Night. 7.00-8.00 T.C.M. As Radio 2.

10.00 p.m. Racing from Sandown Park.	4.00 To-morrow's	4.00
Interlude.	Mum-in-the-4.00	
Spec.	5.00 Zingalong.	7.19
men Only		

Other:	4.00 Sports Desk.	7.00 Folk On
	4.00 5 Stars Desk.	7.00 7 Days
	The Memory.	With Hubert Green.
	Night Is Music Night.	10.00 Late
	Extra.	12.00 Midnight Newsroom.
	6.00 P.M. Radio 3.	2.00 News

ADNIO 3	1944n	464n	VHF
10.00 a.m., N.W.S.	2.05 Morning Concert:		
	Edgar, Mozart, Paganini, Strauss, Tchaikovsky.		
	10.00 a.m., N.W.S.		
	This Week's Composer: Tchaikovsky		
	a gramophone record.	9.00 Mozart,	
	10.00 a.m., N.W.S.		
	International Festival: Piano		
	Report 1: Debussy, Barber.	12.00 Music	

[illegible]

ture. If he does so, he will probably win, but *Muriumus* (each way) represents a sound bet.

Many will probably agree that the best bet on to-day's Sandown programme is *Notius* *Mojeisty* in the Orleans Nursery Handicap (1.15). Admittedly, *mure* often an not, it does not pay dividends to argue with the weights allotted by the handicapper, in this type of event; but when one considers the form shown by *Notius* *Mojeisty* in his last three races, it is hard to escape the conclusion that this American-made colt is not thrown in burn.

1.45—Glor  
2.15—Native Majesty\*\*\*  
2.50—Promote  
3.20—Martinmas  
3.55—Slodan  
4.30—Hill Circus  
  
CHESTER  
2.45—Bryn Du  
3.15—Kellac\*  
4.15—Hogan Hills  
4.45—Bar Silvero

On Saturdays, Max Bygraves will be heard in a series of "live" shows from the Blackmore Theatre in London. For easy fans will be catered with a series of 12 one-hour shows to begin in January.

On a Thursday light entertainment show, "Sounds Familiar," featuring guest stars and a variety of features in "Our Les-

Salient points from the circulated statement of the Chairman, Mr. E. K. Edwards, for the 53 weeks ended 3rd April, 1971:

- Sales increased approximately 10%, profits down nearly 50%.
- Poor results due entirely to losses in discount scores.
- Benefits now being felt from changes in controls; in the first twelve weeks of this financial year a modest profit has been shown.
- Top management secured should carry this side of the business forward.
- Morgan Edwards Wholesale Limited and Shiddell Bros. Limited had a record year.
- Interests in the Cash and Carry field to be extended.
- Given reasonable conditions and excluding factors beyond our control, confident that figures of 1970 can be repeated.
- Dividend maintained.

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# Die Entführung

by RONALD CRICHTON

The Deutsche Oper Berlin, Coliseum Salzburg, which visited Edinburgh last week, was not a special production, but a regular one. It was a production of the Deutsche Oper Berlin, which has been in existence since 1945. The production was a regular one, but it was a production of the Deutsche Oper Berlin, which has been in existence since 1945. The production was a regular one, but it was a production of the Deutsche Oper Berlin, which has been in existence since 1945.



A game of strip poker between Lynn Carlin and Audra Lindley in "Taking Off"

# Growing pains

by JAN DAWSON

experiments, the father's fitful search for the child turns first into a pub crawl and then into an incipient liaison with another woman. The father's fitful search for the child turns first into a pub crawl and then into an incipient liaison with another woman. The father's fitful search for the child turns first into a pub crawl and then into an incipient liaison with another woman.

# Bach

by JEREMY NOBLE

It is a long time, of course, since the prospect of a Bach recital has been a cause for celebration. It is a long time, of course, since the prospect of a Bach recital has been a cause for celebration. It is a long time, of course, since the prospect of a Bach recital has been a cause for celebration.

# Ken Dodd as Malvolio

Comedian Ken Dodd is to realise a life-long ambition—he has been booked to play Shakespeare's Malvolio in a production of Twelfth Night. Comedian Ken Dodd is to realise a life-long ambition—he has been booked to play Shakespeare's Malvolio in a production of Twelfth Night.

# "August Fourteen"

The Bodley Head have acquired the English language publication rights in Alexander Solzhenitsyn's *August Fourteen*. The Bodley Head have acquired the English language publication rights in Alexander Solzhenitsyn's *August Fourteen*.

# Belgians & Romanians

by MARINA VAIZEY

There is a touching selection of documents, photographs, magazines, posters and the like by the Belgian surrealists, and a marvellous painting by Jane Graveron, 'The Drop of Water', which is a group portrait of 14 leading surrealists. There is a touching selection of documents, photographs, magazines, posters and the like by the Belgian surrealists, and a marvellous painting by Jane Graveron, 'The Drop of Water', which is a group portrait of 14 leading surrealists.

# Alice in Wonderland

by B. A. YOUNG

André Gregory is a Russian-American Jewish and a disciple of Grotowski. That austere adherence shows only in his cavalier treatment of his audience, who are penned out side the auditorium and are ready for them, after which no one may be admitted in any circumstances. André Gregory is a Russian-American Jewish and a disciple of Grotowski. That austere adherence shows only in his cavalier treatment of his audience, who are penned out side the auditorium and are ready for them, after which no one may be admitted in any circumstances.

# SNO tours Europe

The Scottish National Orchestra, which celebrates its 21st birthday this year, will leave Glasgow on October 14 for its second major European tour. The Scottish National Orchestra, which celebrates its 21st birthday this year, will leave Glasgow on October 14 for its second major European tour.

# ENTERTAINMENT GUIDE

- OPERA AND BALLET: COVENT GARDEN ROYAL OPERA, 7.30. DERRING DES NIBELUNGEN.
- THEATRES: LYRIC THEATRE, 7.30. MARY MONTAGUE.
- CINEMAS: ABC 1, 7.30. THE MIND Benders.







# American News

## Trudeau hints at autumn poll

By Our Own Correspondent  
OTTAWA, Sept. 2.—Prime Minister Pierre Trudeau said today he was not ruling out the possibility of an autumn general election. His remarks added strength to speculation that he has been under way in Ottawa in the past 10 days that the government might call a snap election rather than face a bitterly fought winter of discomfiture and high unemployment.

He was asked if the visit of President Nixon next spring would be a factor in the decision to call an election. "I certainly would not rule it out," he said. "I don't think the visit of any foreign head of state would make an election impossible or improbable."

He was asked: "But you are more disposed toward a fall election now than you were a few weeks ago?" Mr. Trudeau replied: "No, but I have never said it out completely, but I am disposed to it."

## Uruguayan presidential elections

By Hugh O'Shaughnessy, Latin America Correspondent  
THE campaign for the re-election of President Jorge Pacheco Areco, a second term as Uruguayan president, has got under way this week.

Last week he announced his decision to stand, but since the constitution does not permit a president to serve two consecutive terms, the matter will have to be put to a referendum. It is likely to take place in the same day as the general elections, November 26. President Pacheco will therefore have to win a vote to modify the constitution as well as emerge as the preferred candidate if he is to obtain another four years in office.

An unofficial campaign for his re-election which culminated in an event to mark the 400,000th anniversary of the founding of Montevideo, was in favour of a third term. The event was a musical performance in which the support was given to the incumbent.

President Pacheco succeeded to the presidency on the death of 1967 of President Oscar Gestido whose Vice-President he was.

## U.S. Market

NEW YORK, Sept. 2.—The Dow Jones Industrial Average closed at 1,000.00, up 1.00 from the previous day's close. The S&P 500 index closed at 100.00, up 1.00 from the previous day's close. The New York Stock Exchange volume was 1.5 billion shares.

## U.S. to probe youth and student reduced airline fares

By JOHN GRAHAM, U.S. EDITOR

WASHINGTON, Sept. 2.—The Civil Aeronautics Board with foreign airlines (or foreign governments) in the matter of may be a serious international problem at Government levels. The Board has started an investigation into the reduced youth and student fares recently instituted by most international carriers. American Airlines has attacked these reduced fares as "discriminatory."

If the Board finds that there is "unjust discrimination," it will either alter the fares or ask for a "governmental" solution. In practice, this means that it will demand bilateral consultations, since it could alter the fares only on American carriers (such as Pan Am or TWA), and not on the airlines of other countries. The airlines' competitors are likewise.

In the present political climate here, the U.S. Government might well decide to make a big fight of this issue. One of the carriers, the Canadian Airlines, was the Transportation Department, which means that the Administration is already involved through at least two organizations.

The Administration has also shown in the last two weeks that it is prepared to be tough on airlines.

## Canada approves plans to counter surcharge

By OUR OWN CORRESPONDENT

OTTAWA, Sept. 2.—The Canadian Cabinet has approved a contingency plan to offset the impact of the American 10 per cent import surcharge. Prime Minister Pierre Trudeau announced. He told newspapermen that the contingency plan finally had been worked out but details would not be made public until the House of Commons meets next Tuesday.

The Commons, now in summer recess, will resume sitting on September 7. The Cabinet has been working on some form of contingency plan for the past two weeks.

The plan is understood to involve a form of subsidy from the Government to industries hit hardest by the U.S. move. It will not apply to all industries but will be made available to those that can prove to be suffering from the surcharge. The industries believed most likely to be subsidised include clothing, furniture, fine paper, aluminum and lead and zinc.

The Finance and Trade and Commerce officials have been working out a contingency plan. There is concern that providing subsidies for certain industries might leave them open to charges of "dumping" from the Americans.

## The Cricket takes a leap

By Jurek Martin

NEW YORK, Sept. 2.—A SURVEY conducted by Automotive News, the trade publication, has shown that Chrysler has displayed a remarkable degree of confidence in the potential of its leading "captive" import—the "Cricket" which is made in Britain and which is basically the Hillman Avenger.

The survey discloses that since the start of this year Chrysler's Plymouth division has doubled the number of dealer outlets handling the Cricket from 1,000 to 2,000. All told, at the end of June there were 11,612 establishments selling imported cars in the U.S., 1,782 more than in January of this year. Chrysler's products accounted for 1,450 of this increase, 1,000 for the Cricket and 350 for the Japanese made Dodge Colt.

The total number of franchisees granted to sell foreign cars in this country has been rising steadily for several years to the extent that at the end of June there were more franchisees in existence than at any time since 1962 (1969 was the all-time record year in this respect). The figures are somewhat misleading since they include many dealers who handle both foreign and domestic cars. It is, of course, still unclear whether President Nixon's actions affecting foreign cars will reverse this upward thrust.

## ARGENTINE POLITICS

# Lanusse finds his touch

BY OUR BUENOS AIRES CORRESPONDENT

IF THE exponents of President Alejandro Augustin Lanusse's "Great National Accord" are to be believed, Gen. Lanusse has pushed Argentina one difficult step further along the road from military to constitutional government. The President made his noteworthy announcement to the leaders of "The Hour of the People" movement in Government House. Since its inception late last year the Hour of the People movement, an alliance of Radicals and Peronists, has been demanding that an election date be set. On August 26, Gen. Lanusse did not fully promise the movement, but did promise its leaders that he will fix the date before October 15.

The Government has been insisting lately that new voters' lists cannot possibly be prepared before the end of next year. Nevertheless Jorge Daniel Paladine, who was at the meeting in Government House representing the Peronists, said just before leaving by air for Madrid yet once again to report to exiled ex-dictator Juan Domingo Peron, that he is confident that elections will be held "in 1972."



President Lanusse

topped the strongman. So the only really important question about Alejandro Lanusse's future as a politician would seem to be: would the Peronists, the largest political group in the country, vote for him?

The answer of course is that most of them would, if they were told to do so by their leader, Gen. Peron. Such a possibility should not be ruled out, and there are a number of straws in the wind. The fraternity of army officers is ena with strong bonds here, capable of overcoming old antagonisms.

There is the possibility that Gen. Peron is about to receive more than 15 years' worth of pension payment both as a former president and as an army General. Another consideration would seem to be the allegedly imminent delivery to Gen. Peron in Spain of the remains of his second wife, Eva. Eva Peron's body, whisked away by naval officers from the general confederation of labour headquarters here during a palace coup two months after Gen. Peron's fall, is an object of veneration for the Peronist masses who still see her as their "spiritual leader."

A close relative of Gen. Lanusse said in private recently that his kinsman never really has been interested in anything other than politics and the army, in that order. On August 21, President Lanusse, seemingly corroborated this judgment when he said to 4,000 Peronist meat workers gathered at a barbecue to receive from him formal ownership of the old meat packing plant in Zarate, 50 miles north-west of Buenos Aires: "I do not have the least desire for Lanusse to win. I want you to win, the Argentines and Argentina."

Not surprisingly, this somewhat ambivalent remark has been taken here as a declaration that Gen. Lanusse, *de facto* President since March and Army Chief of Staff, is running to become constitutional President. As President, Gen. Lanusse has shown that he is that rarity, a general with a flair for politics—perhaps the first one in Argentina since Peron. Incidentally, Gen. Lanusse at 53 is just three years older than Gen. Peron when he was first inaugurated in 1946.

The reason the time may be right for a Great National Accord is the recent decline of the large body of Peronists and the Radicals to bury the hatchet, at least for the time being, after 25 years of bitter antagonism. Moreover, their Hour of the People Movement itself proposes something very similar to President Lanusse's Great National Accord. Perhaps the most important of all, since 1963 when it lost power, the Peronist movement has changed so much that now, for the first time in the post-Peron era, a Peronist Cabinet minister is a definite possibility.

## As Peronists

If he is indeed a presidential candidate, General Lanusse still has a long way to go before he can be certain of being elected. Carlos Brignone, next year hopes to bring the inflation rate down from its present 50 per cent to 25 per cent, which even if achieved does not compare favourably with the less than 10 per cent inflation rate achieved in the best of recent years. Then, too, there is the problem of the guerrillas, meat of whom identify themselves as Peronists.

The fact is that Gen. Lanusse's by the hard-line Peronists and many other Argentines both as simply another scheme to defraud the people by offering them unrepresentative leaders. They can point to Gen. Lanusse's pre-March reputation, which was that of a vaguely liberal, army officer, but also that of the wholly loyal scion of a conservative, aristocratic family. Since March he has gone to considerable pains to change this image: by meeting Chile's new Marxist President, Salvador Allende, on Argentine soil and by making plans to meet Peru's radical President, Juan Velasco Alvarado.

## WHOLESALE PRICES SOAR

By John Graham

WASHINGTON, Sept. 2.—The Government released figures to-day showing that at the wholesale level prices rose far faster in August than in July.

The wholesale price index, seasonally adjusted, rose by 0.7 per cent, an annual rate of more than 8 per cent. Its most important component, the index for industrial commodities, went up by 0.5 per cent. The figures are clearly bad news for the administration, indicating that inflation was actually getting worse rather than better. Mr. Nixon's price freeze will apply first to September's figures.

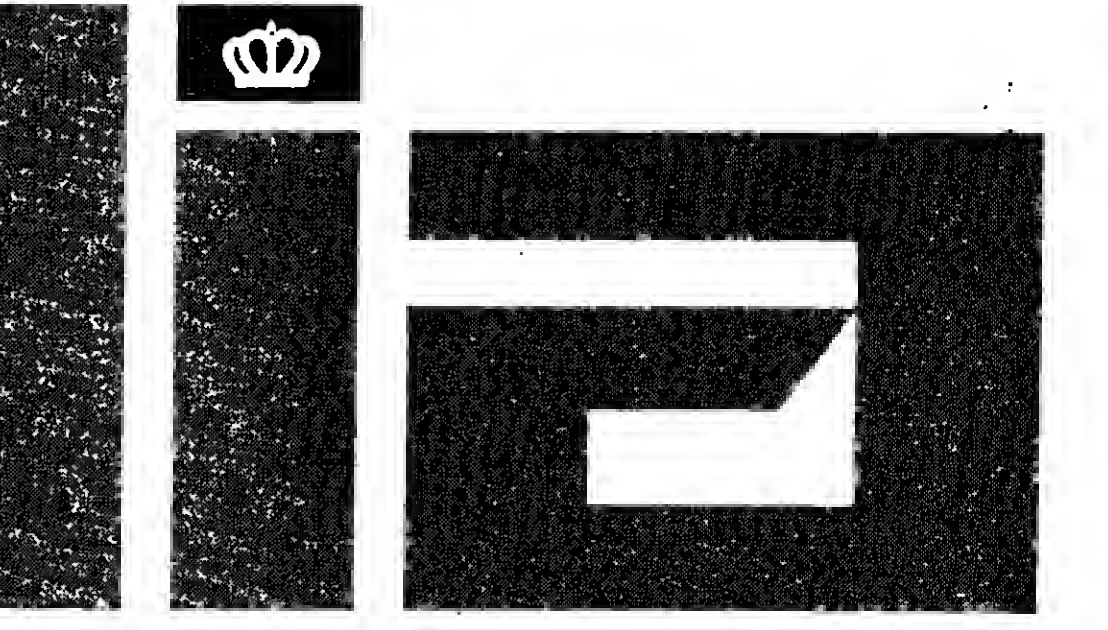
## His homeland

Te many people's surprise, President Lanusse has a feel for politics previously unsuspected by all but a few of his countrymen. He first demonstrated this to the republic at large, shortly after assuming the Presidency on March 23, with his conditional invitation to General Peron to return to Argentina after nearly 16 years in exile. Since then the 75-year-old ex-dictator has expended considerable amounts of his huge reserve of ingenuity in hedging.

Before March 23, the exiled General Peron frequently expressed his yearning to return to his homeland and actually once got as far as Rio de Janeiro before being turned back to the Spanish capital by the Brazilian authorities. Now he contends that "the time is not right."

This may well be. But the time may be right for President Lanusse's "Great National Accord" and even for General Lanusse himself. As an army officer the President spent a total of seven years in prison, for opposing General Peron before the 1955 revolution which

## Do you think Alia deserve their crown?



We display the crown because we're a Royal Airline. That would seem a good enough reason for most people. For us it isn't.

We are proud of our crown. We want to deserve the right to display it.

For example, from the very start we agreed to run an airline not because we want to (everybody does) but because we have to. We are a small nation, but forward-thinking, fast-developing and very outward-looking and we need an airline to establish and promote our links with the whole wide world that's changing every day.

So we work hard. In less than eight years we've grown so fast our routes now extend across three continents covering a network of cities from Frankfurt to Jeddah and from London to Karachi.

The humble DC7 which undertook our inaugural flight from Amman to Beirut is already a museum piece. Now we fly an all-jet fleet of Caravelles and Boeings. We bought them new. The Boeings, in fact, are the latest 320c version — and designed to please our passengers.

Like all good airlines we employ highly professional pilots. But ours are multi-national as well. And so are the rest of our crews, especially our hostesses. Their clothes were designed by Carven not simply to look great, but to help them work well at 35,000 ft and 600 mph.

All of which makes us a truly intercontinental airline. And because we fly intercontinentally, not just internationally, we provide an in-flight service which includes hot meals even on many short-hop routes.

Our maintenance is impeccable. It has to be. Because we have to keep our fleet flying to keep it profitable, and to keep it flying it has to be in perfect condition.

Altogether, therefore, we do our best to deserve our crown.

London, Paris, Frankfurt, Rome, Madrid, Athens. And through Amman to Beirut, Cairo, Kuwait, Teheran, Dhahran, Doha, Abu Dhabi, Jeddah, Karachi, Benghazi and Nicosia.

Alia deserve their crown

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## ASSETS PASS FL 100m. MARK

The financial year ended 30th June, 1971 was a favourable one for your company in many respects. In our interim report dated January 1971 we stated that the value of a UTILICO share had shown a complete recovery from its fall during the first six months of 1970.

In the second half of the financial year the price increase was less spectacular, but we are nonetheless pleased to report a further rise to an all-time high. At the end of the financial year the value of a share was FL 1.31, compared with FL 1.06 at 30th June, 1970.

This result was achieved in a period in which conditions for trade and industry were really difficult. The recession in the United States in 1970 once again demonstrated the favourable position of public utility companies in general and of electricity undertakings in particular. Despite this favourable tendency in comparison with industrial undertakings the price/earnings ratios of power companies in the U.S. are at a far lower level than those of many industrial undertakings. Since World War II however, the stock market has several times rated power companies equal to or even higher than industrial undertakings. This may well happen again in future, and we believe that there are several reasons to justify our expectations.

In view of the above our sales and purchases in the U.S. in the past financial year were relatively large. The results of your company's investments in the other countries, too, were favourable — Italy, excepted. The greatest increase in value was achieved in Germany.

In the spring of 1971 a change in conditions on the exchange market became more and more likely. As part of our portfolio was invested in currencies which seemed less strong, we thought it wise to cover this risk by a forward sale of the currency considered to be weaker and by a forward purchase of a stronger currency. In March 1971 we therefore made a forward sale against DM 3.65 for \$1.

In the past financial year 24,900 new shares were issued, through the Dutch Exchange, so that the total number of shares rose to 865,000. This issue helped to bring your company's assets in the past financial year beyond the FL 100 million mark for the first time.

The profit for the year is FL 4,129,543. We recommend increasing the dividend by FL 0.20 to FL 4.40 per share.

Copies of the full Report and a descriptive booklet may be obtained from the Company.

UTILICO N.V., P.O. BOX 973, Rotterdam.

## FAS INTERNATIONAL OVERSEAS CORP.

(Formerly Famous Scholastic Overseas Corp.)

U.S. \$10,000,000 5% per cent Guaranteed Bonds 1982 Guaranteed by and Convertible into the Common Stock of FAS International, Inc.

(Formerly Famous Artists School, Inc.)

At a meeting of the Holders for the time being of the above named Bonds for the time being outstanding held on 31st August, 1971, a quorum of 50 per cent of the nominal amount of the Bonds for the time being outstanding was not present and the meeting was adjourned for 28 days.

In accordance with the terms of the above named Bonds, NOTICE IS HEREBY GIVEN that the adjourned meeting will be held at 30 Gresham Street, London EC2P 2EB on 28th September, 1971 at 11 o'clock in the forenoon for the purpose of considering and if thought fit, passing the Resolution of which has previously been given notice of such adjourned meeting shall be the holders of 10 per cent of the nominal amount of the Bonds for the time being outstanding.

Signed LINKLATERS & PAINES  
for and on behalf of the Holders of not less than 20 per cent of the nominal amount of the Bonds for the time being outstanding.

## China-U.S. phone link

TOKYO, Sept. 2.—CHINA has agreed to establish indirect telephone communications with the U.S., apparently in preparation for President Nixon's trip.

Kakusan Denwa Denwa (KDD), the Japanese telephone and telegraph company, said today Peking had agreed to the indirect line, scheduled to go into service Friday, in response to a query from the American Telephone and Telegraph (AT & T), which was making communications arrangements for Nixon's forthcoming trip to mainland China. KDD said the service would only be temporary.

Until earlier this year, direct telephone service to mainland China has been suspended for over 20 years, ever since the Communists took control of China. When the American ping pong team travelled to China this spring, communications through Tokyo and Paris were established temporarily.

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Export  
News

SELLING TO THE U.S.—1

'Explosion of demand' in  
\$2,200m. airport market

BY DAVID CURRY, EXPORTS EDITOR

ICL hits  
£1m. peak  
in Hungary

AN order worth nearly £400,000 for an ICL System 4.52 computer, for installation at Csepel Iron and Metalworks in Budapest, brings business won by ICL Hungary to more than £1m. in the past three months.

Csepel is the largest enterprise in Hungary and employs more than 40,000 people in the manufacture of iron, steel and non-ferrous metal products.

Delivery is scheduled for June next year and the computer will be used primarily within the field of production as well as for administrative applications within Csepel. The intention is to establish a fully integrated production system.

This order is seen to be the first phase of a complete computerisation of Csepel's administration and could involve further computer orders as progress is made with putting systems on to the processor.

The order also confirms ICL's position as the leading supplier of large computers to Eastern Europe. There are now 17 ICL computers installed or on order with customers in Hungary.

£5m. 'invisible'  
S.E. earnings

Overseas earnings by Stock Exchange broker firms in the first half of 1971 totalled £4.61m. against £5.17m. This comprised commissions on dealings on behalf of overseas clients, £2.35m. (£3.1m.); arbitrage net profits £1.55m. (£1.64m.); fees in respect of new issues of overseas securities £0.17m. (£0.15m.); and all other revenues £0.04m. (£0.07m.). If current trends are maintained the total for 1971 should slightly exceed the £5.9m. of 1970.

DETAILS of opportunities in the American market for airport and airline equipment and how to go about taking them are given in a report published yesterday by the British National Export Council's U.S. Committee.

The report, commissioned from Roy Blumenthal and Associates (on the day the Government announced the decision to wind up ENCO at the end of the year) quotes the Federal Aviation Administration's estimate of the market over the next 10 years at \$2,200m.

The Administration envisages the construction of 809 new airports and the updating of a further 3,140 fields over the period. In addition, the introduction of more rigid Federal standards of airport maintenance and safety has created, the report emphasises, an explosion of demand that American manufacturers cannot fulfil, or have tried to exploit by raising prices.

## Specifications

The report takes a three-dimensional look at the market from the point of view of equipment needed, the requirements of individual airports, and the demands of individual airlines.

Equipment needed is for sectors including planning; runways, taxiways, apron and access roads; buildings; building installations; air traffic control and navigation aids; ground communications; airport lighting; workshop and hangar equipment; workshop handling, maintenance and servicing; aircraft fuelling; safety equipment; passenger handling; baggage and cargo handling; miscellaneous vehicles.

The report emphasises that responsibility for equipping airports is divided in the U.S. between Federal authorities (who handle purchase, installation and operation of all in-flight aids and airport lighting systems to the point of touchdown), the airport management, often the neighbouring city authorities responsible for getting the aircraft on and off the tarmac and

for safety and maintenance, and the airlines who take on baggage and passenger handling and equip their own terminals.

The point on which the report is insistent is that airport authorities and airlines appear to have virtually no forward planning machinery for equip-

ment and provided that the British manufacturer learns the specifications, understands what is acceptable on the American market (for example, reverse sloping windcreens on airport vehicles are essential) and takes the trouble to make contact with the purchasing authority on a personal senior level, he has an excellent chance of doing business.

Areas singled out in the report as offering ready opportunities for British initiative are: Buildings—the U.S. has yet to develop high quality standard terminal buildings. Ground communications—urgent need for three-channel portable equipment.

Mr. Walter Lamb, executive secretary of the U.S. Committee, castigated British industry at the presentation of the report for its lack of interest in tackling major U.S. markets.

The Committee was mounting a mission for airline and airport equipment makers in November. Seven weeks ago he had written giving details to 51 companies. Of these 13 had replied of which six wanted to join the trip.

The market, according to the report, using U.S. Federal Aviation Administration figures, is of the order of \$2,200m. over 10 years. By 1981 U.S. airports will handle 500 enplanements a year the Administration calculates. By 1981 the U.S. will need to build 809 new airports and improve a further 3,140 fields.

Ground support equipment: airlines complain that a new range is needed to cope with wide bodied jets. The American airlines have got together to produce common specifications for this type of equipment. Particular need for refuelling tankers—also needed in Europe.

Fuelling—Hydraulic fuelling equipment demand will revive as the airlines get over the recession.

Fire and rescue equipment—New federal certification requirements coming into force next spring have created explosion of demand.

Runway safety—Certification will require instruments after May 31 next year. Authorities consider the MU-meter for measuring breaking coefficients too expensive at \$5,870. Also machinery needed to remove rubber waste.

Passenger handling—Only one U.S. maker of loading bridges in the market, his prices are too high and delivery times too long.

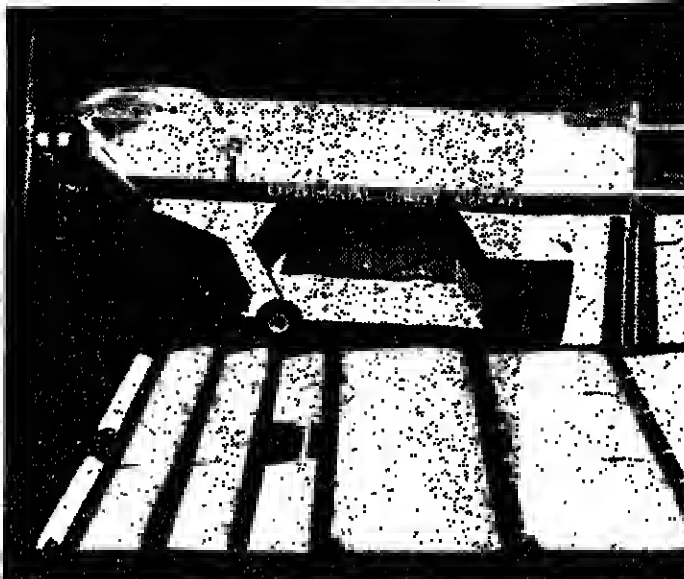
Ignorance

The report comments: "There is an almost complete absence of knowledge among U.S. airport and airline executives of the products of or even the names of British airline and airport equipment manufacturers. Assuming that the various products and services they offer meet the specifications, standards and criteria laid down elsewhere in this report, it will be necessary for British manufacturers to make considerable impact upon the U.S. industry if they are to succeed."

"There is considerable interest in Concordia, heightened by the apparent abandonment of the American SST. Manufacturers can capitalise on experience of this type and indeed, if it could be arranged, the arrival of the mission in the Concordia on its first transatlantic flight, even though this is only a test flight, would achieve an incalculably beneficial effect."



This unorthodox-looking aircraft, which knocks down into the "model aircraft" kit below, was shown this week at the Business and Light Aviation Show at Cranfield. Flown for the first time just before the show, it is poetically christened the Land Development Aircraft by its makers, Loekspeiser Aircraft. It is designed to answer the demand in developing countries for a low-cost air-landrover, the company says, and claims it will be capable of roles varying from crop-spraying to passenger and freight carrying, air survey, ambulance and firefighting, roles it can adopt by swapping its bellypacks. The unusual tandem wing configuration was chosen to give the aircraft maximum capacity with a non-critical centre of gravity. The cost of the aircraft is expected to be less than £10,000.



## £1.7m. credit line for NZ Sudan agents

LAZARD BROTHERS and Co. has signed an agreement for a £1.7m. line of credit with the Tasman Pulp and Paper Company, of New Zealand.

The credit, which is guaranteed by the Export Credits Guarantee Department, will be used by Tasman Pulp and Paper Company to purchase from British manufacturers equipment for a new sulphate pulp mill being constructed at Kawerau.

Under the terms of the line of credit, finance will be available for 85 per cent of the U.K. element of approved contracts. The funds are being provided by a consortium of British banks led by Lazard's and comprising the Bank of Scotland, Barclays, Clydesdale, Coutts and Co., Lloyds, Midland, National Westminster, The Royal Bank of Scotland and Williams and Glyn's.

The Sudan Government has appointed Lomrho Exports, a member of the Lomrho Group of companies, as sole agent for state purchases of capital and semi-capital goods in the U.K. Lomrho Exports has also agreed to act as purchasing agents in other countries on such occasions as the Government may require.

Wellworthy, a member of Associated Engineering Group and Europe's major producer of diesel engine piston equipment has established resident representation in the U.S. to create direct liaison between the engineering division and the U.S. market. Even if this was done at Lymington, Hampshire. The company will open from the offices of Brico M Products of Richmond, Indiana.

SELLING TO THE U.S.—2

## An off-the-peg subsidiary

BY DAVID CURRY

Mr. Peter B. Warner, a former managing director of Quaker Oats and vice-president Europe of The Quaker Oats Company has arrived in Britain to promote his newly-formed management service for U.K. companies with an eye on the U.S. market.

"With the pre-occupation about Britain's entry to the EEC, the vast potential for increased exports to the U.S. is not getting proper consideration," he declared in London yesterday.

"The fact is that in 1970 the U.S. imported \$332.7m. of goods from the U.K. In the same year total U.K. sales to West Germany, Italy and France were just a frac-

tion more at £1,081m. The population of the U.S. is greater than that of the EEC combined.

"The difference between potential and what is achieved in terms of British exports to the States is very substantial," declared, citing in particular a consumer market.

"The problem, according to Warner, was 'limitations of export state of mind and methods of absentee management'."

Unless a company had sufficient staff with expert knowledge and experience of American business it was faced with the problem of recruiting suitable management for its U.S. development and investing resources in both of cash and personnel in unfamiliar environment.

His company, said Mr. Warner, aimed to obtain specialist services and information, integrate them into an effective programme, and provide management direction and leadership to implement the plan. Banking, finance, legal counsel, recruitment, market research and processing would be among services on offer.

"We act as an overseas subsidiary adhering to a company's policies and budgets," explained.

## Taking a leaf

Staffer International, fusible interlinings manufacturer, has licensed its process to the Harodite Finishing Company of North Dakota. A joint marketing company has been formed to market the Harodite product throughout U.S. and Canada.

## BRITISH ASSOCIATION MEETING

## Economics 'disappointing as a science'

BY DAVID FISHLOCK, SCIENCE EDITOR

ALTHOUGH economics as a profession was flourishing, its performance as a science "seems curiously disappointing," confessed Mr. G. D. N. Worswick, director of the National Institute of Economic and Social Research, in his presidential address to the economics section of the British Association meeting at Swansea yesterday.

Mr. Worswick cited such unanswered questions as the cause of inflation in Britain at present; whether devaluation improved the balance of payments, and for how long; why the rate of growth in Britain and the U.S. was so much slower than elsewhere; whether we could really distinguish a monopoly profit from a reasonable rate of return; and whether free trade helped or hindered economic development.

"That economic science may not provide complete answers to such questions is understandable and acceptable," he suggested, "but are we any nearer to answering them than we were 10 or 20 years ago?"

Economists headed the list in an American study of salaries in 13 professions, with a mean salary of £13,000 a year. "If it is argued that the opulence of its practitioners is no conclusive demonstration of the progress of the science, even more strongly it might be objected that poor economic performance or policies are not necessarily evidence of the lack of it."

## Pest control

There were good reasons, he believed, why, when things went wrong, the entire blame should not be laid on the door of economists. "But they cannot be wholly excused; nor indeed should they seek to be." Pest control by picking one insect deliberately against another, instead of attacking

indiscriminately with insecticides, was near, Prof. G. C. Varley, of the University of Oxford, said in his presidential address to the zoological section.

Up to now, the introduction of beneficial insects to control pests had been a hit-and-miss affair, he said, citing the way Koebel in the last century had searched for a predator to attack the insect causing cottony-cushion scale that had infested the citrus groves of Southern California.

"Now, at least in principle," Prof. Varley said, "it should be possible to predict the likely outcome of introductions."

He described mathematical models on which he was working, with which, he said, it should be possible to discover how best to integrate control measures using both biological and insecticidal means. The calculations could be done on "quite small" computers.

But before this could be done, he warned, more detailed measurements of the effects of insecticides would be needed. Only when their effects on both parasite and predator had been assessed could the long-term effects of regular applications of insecticide be calculated.

If had yet been established, said Prof. Varley, whether, when a pest was reaching dangerous population levels, an insecticide dose should be applied that aimed to eradicate 99.9, 90, 80 or 50 per cent of the pest. Nor was it known whether a persistent or a non-persistent chemical should be preferred.

Britain should have no hesitation about planting more trees to timber, Mr. John Zehetmayer, the Forestry Commission's senior officer for Wales, told the forestry section in his chairman's address.

People forecast that plastics would supplant timber require- ments so drastically that Britain would not need the wood it was already growing.

If we were ever likely to grow 80 per cent, or even 60 per cent, of our current needs, one might hesitate to continue planting, he said.

But as it is unlikely to be certain as to what can be done, he said, it would be better to do nothing than to do something that would be wasted.

Moreover, could it be desirable, he asked, to substitute materials that were virtually indestructible for a biologically produced material that could be both regenerated and recycled?

More than 100,000 acres of timber should be planted by the end of each year until the end of the century, with such forest covering 200,000 acres, Mr. John Campbell, chief executive of the British Forestry Group, told the Forestry section. Even if this was done, forest land in any region need exceed 20 per cent of the total.

A new planting programme needed to ensure that trees for our children and grandchildren to enjoy, and that would be important to Britain, he said.

Britain, the world's largest timber importer, would be least likely to benefit from the EFTA community that was exporting to join a group which produced only half its needs.

Mr. Campbell said the EEC met only 37 per cent of its timber consumption from internal production. A proportion of it would fall to 47 per cent if Britain joined.

## Food additives

British food manufacturers fewer additives than many of their rivals overseas, claimed P. J. B. M. Coppock, director of research and scientific services, Spillers, speaking to the Food Additives section.

One reason, he said, lay in the laws. Manufacturers had to state before an additive was necessary. Britain's policy differed from that of the U.S., Canada or the EEC, where the use of more food additives of a particular kind might be permitted than in Britain, a technological need in its safety toxicological.

## Life assurance law 'should be strengthened in 3 main areas'

BY KEITH LEWIS

IN ITS evidence to the Scott Committee on property hoards and equity-linked life assurance, Hambro Life Assurance calls for greater responsibility for life assurance companies' solvency to fall on the actuarial profession.

The group believes that the time is ripe for an overall look at the governing legislation, and concludes that existing legislation should be strengthened in three main areas: the tightening of regulations to ensure solvency; disclosure of information; and the prohibition of dealings with associates.

As with most of the other evidence submitted to the Committee, under Sir Hilary Scott, Hambro Life's 18-page document should be extended to examine all forms of life assurance, and comes out against the "settling" of a complex department within the Department of Trade and Industry.

The company suggests as an alternative that this could be

avoided by "imposing on the actuary each life company far-reaching obligations and powers."

The group makes a case for every office to have a full-time actuary, who should certify premium rates and be responsible on a continuing basis for monitoring the solvency of the office.

In the event of his being dismissed, he should be obliged, if the management of the office will not comply with any modification in activities he feels are necessary to report the matter to the DTI.

Furthermore, Hambro Life believes that full actuarial statements certifying that unimpaired capital and reserves are adequate to support the scale of business should be made annually in place of the present three-year cycle. However, the company does not necessarily suggest that bonus rates (in the case of traditional offices) be declared on the same basis. It is further argued that the paid-up capital of a life assurance company be

raised to a minimum of £250,000. Predictably, the group calls out against controls on management charges and commission rates, and also agrees in principle that the licensing of salesmen may be desirable. It considers the proposal impracticable, however, recommending a "regulating" role in fact cover duties which the present actuary already carries out. The present licence in the past with the threat of a "regulating" role in fact cover duties which the present actuary already carries out.

However, the introduction of unimpaired business has three main advantages: it provides a considerable amount of research is being carried out. Some of Hambro Life's suggestions are already being actively encouraged by the Institute of Actuaries. The Faculty of Actuaries has shown that to level the ultimate decision with the individual actuary is better than to impose detailed legislative controls.

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the double-barrelled  
scotch?

## The first barrel.

The first time Cutty Sark sees the inside of a barrel it isn't even Cutty Sark.

It's as many as 30 (or maybe more; only the man with the Cutty Sark secret knows exactly how many) classic straight whiskies made at distilleries throughout Scotland's Highlands and Islands.

These whiskies slumber down the years in oaken casks; breathing the soft, pure Scottish air as they slowly attain their own personal peak of maturity.

When the time is right, they are all brought together. Some of this, some of that, a touch of this and gradually Cutty Sark is born.

## The second barrel.

Then, when most of us would be tempted to put the precious liquid straight into bottles, the man who blends Cutty Sark insists on something that makes Cutty Sark the brave scotch that it is.

He knows that, once in the bottle, whisky stops maturing. Because it cannot breathe through glass. So he puts Cutty Sark back into casks. Back into the wood.

Now starts a honeymoon that will last



Cutty Sark is matured in the wood not once but twice to bring out the full flavour of the malts.

for eighteen months or more. When it is over the malts will emerge transformed.

They will have mingled, married and matured together. Growing in character until a flavour is created that is undoubtedly much greater than the sum of its parts.

And that's the double-barrelled scotch. You can't set your sights any higher.



**Cutty Sark**

Double-barrelled to mature the malts.



# In pursuit of a Gold Rouble

BY A. H. HERMANN

ECONOMISTS brought to the microphones of East European radio stations to explain the monetary problems of the West have in the main lubricated about "the general crisis of capitalism" and the inadequacies of U.S. foreign policy. It is therefore not devoid of irony that when the Russians this week announced new exchange rates (the significance of which in any case was extremely limited) they tied the rouble to the dollar—not to healthier western currencies.

Another debating point made in the East is that the gold contents of East European currencies is higher than before the war. The point is not helpful since none of these currencies is really convertible into gold. But one point these commentators have made is of practical interest to all concerned with East-West trade: they have said that the Comecon countries can "protect themselves collectively against the currency crisis of capitalism" and added that they are able to do so by the monopoly of foreign trade and foreign exchange which they practise.

Unfortunately, nothing is said about the nature of these "adverse consequences" nor about the contemplated defensive measures. Since, however, both the immediate changes in exchange rates and the possibility of continuous market-generated changes are bound to have some effect on East-West finance, it may be worth trying to assess what these consequences will be. The immediate consequences for the Soviet Union and other Comecon countries will depend on the state of their account with Western economies and on the currencies in which any balance is denominated.

From this argument it is clear that the differences concerned are not just questions of semantics, but important questions of principle. In a sense the Four Power negotiations have opened up again.

Assuming that Mr. Rusk is well enough—some reports said he was suffering from high blood pressure—and the problems of the German text can be resolved in time, it is, of course, possible that the agreement could be signed to-morrow, but no new date has yet been fixed.

## In the red

The first important fact here is that none of Comecon's external trade or financial transactions is expressed in the member countries' own currencies. For a long time, it has been customary for the Soviet Union and other Comecon countries to leave the Comecon countries indifferent because their trade leaders share with many of their

Western colleagues the fetishistic approach which associates the stability of the exchange rate with the image of national strength, it is quite possible that events in the West will serve as an argument for speeding up the implementation of a convertible currency.

At present, the Comecon countries do not even have an internally transferable currency and the trading partners must balance their trade bilaterally. This, of course, keeps the exchange of goods at a low level and is a great obstacle to specialisation of production and economic integration. The programme adopted at the 25th session of the Comecon Council in Bucharest in July has gone beyond previous efforts in this field by setting up a time-table for convertibility. During the period 1973-74 the present multiple rates (used for different types of payments) of national currencies will have to be correlated and the currencies made mutually convertible. This should be followed in the years 1976 to 1979 by efforts to replace multiple exchange rates by a national uniform rate for all types of transactions.

The final aim is a "collective currency," the Gold Rouble, which would end the restrictive effect of bilateral clearing accounts. In an economy where prices are arbitrarily fixed by governments, such a collective currency is unthinkable without central planning of intra-group trade and this again requires that the economic plans of all the Comecon countries should be drawn up in one centre.

The first step in this direction has already been taken by the Comecon office in Moscow which works on collective plans for key industries. However, to remove the planner from the national capital to Moscow and to increase the distance separating him from the factory and store may be a big price for a smaller country than the Soviet Union to pay for the convertible gold rouble. If it is ever achieved it may well make Comecon's economists think more kindly of the storm-torn monetary system of the West.

## Fetish

The fluctuation of Western currencies should not present any great problem to East Europe's banks in which some of the experienced foreign exchange dealers still survive. It is the planners in the Ministries of foreign trade who will be displeased. They are ready to ignore the great uncertainties of weather, and fashion, of technological progress and political regression, but get upset easily if told that the planned dollar exports may in case with Austria. The devaluation of the dollar in relation to the Austrian schilling should figures indicate.

As East Europe's political leaders share with many of their

# Soviet Union increases its nuclear weapons lead

BY ROBERT MALTHUS

THE SOVIET UNION now has about 50 per cent. more land-based intercontinental ballistic missiles (ICBMs) than the U.S. launchers, taken a qualitative and the numerical disparity being taken into account.

These are two of the most recent figures revealed by the 1973 "Military Balance" published by the International Institute for Strategic Studies in London. The Soviet Union has continued to develop its 20-25 megaton SS-9 missile and now has 280 operational weapons of this kind, according to the survey.

In addition it has 150 more SS-11 ICBMs than last year, of which 100 are deployed in action. It is a way as to suggest that they could be used against targets in Europe and Asia as well as the U.S.

By 1975, according to the Institute, the replacement programme will have the effect of doubling the number of targets at which the total Minuteman force can strike.

For the moment, however, the American qualitative lead in this category is still substantial. Although the number of U.S. missile submarines remains at 41, four of these have now been converted to take the advanced Poseidon SLBM, each with at least 10 independently targetable warheads, and four others are in the process of conversion.

The completion of the planned programme for converting 31 submarines would raise the total number of warheads deliverable by the American SLBM force from about 1,500 to over 5,400.

As far as conventional military strength is concerned, the U.S. has allowed its armed forces to run down from its 1968 peak of over 3.5m. men to the pre-Vietnam level of 2.7m., well on the way to the 1972 target of 2.5m.

Slow but steady Soviet forces, on the other hand, have shown a slow but steady increase from 3,150,000 to 3,375,000 during the same period. While U.S. land, sea and air forces in Europe have been reduced from 434,000 to 300,000 during the last decade, the Soviet Union has built up its forces in Eastern Europe from 26 divisions in 1967 to 31 to-day.

"The Military Balance, 1973," published by the International Institute for Strategic Studies, 18, Adam Street, London WC2N 6AL. Price 65p.

## Berlin agreement is delayed

BY OUR OWN CORRESPONDENT

THE SIGNING of the Four powers agreement on Berlin, planned for 1 p.m. to-day, has been postponed. The official work of preparing the German text of the agreement has not yet been completed.

Even without Mr. Rusk's illness, the agreement would have been delayed by a day or two. Sources said that the agreement would have been signed to-day, but the illness of Mr. Rusk has delayed it.

These talks, between Herr through East Germany, whereas Mr. Rusk's Secretary in the State Department, Mr. Rusk, is still in Bonn, and Mr. Rusk's Secretary in the State Department, Mr. Rusk, is still in Bonn.

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## European News

### Portugal boosts oil tanker fleet

By Our Own Correspondent

PLANS for a major increase in Portugal's oil tanker fleet were disclosed to-day by Sogipa, the country's leading oil carrier. The plans are linked to Government approval of a sharp increase in the country's refining capacity.

Orders placed with Swedish and Japanese shipyards mean that by June 1974 the company will have acquired three tankers of 135,350 tons, and one of 136,000 tons.

The three of 135,350-ton tankers have been ordered from Sweden's Erikberg shipyard, with the last due for delivery in March 1973. The 136,000-ton tanker has been ordered from Japan's Kawasaki shipyard, and is scheduled for delivery in August 1973. The four tankers on order will be the largest in the Portuguese merchant fleet.

A report published in Lisbon says the company is also contemplating the acquisition of two 300,000-ton tankers for delivery in 1975.

It says a rapid increase in Portugal's oil carrying capacity has become necessary in view of Government plans for a major increase in the country's oil refining capacity, the building of a new refinery of the south-east at the port of Sines, and the refinery at Oporto, the country's northern capital, is also under way.

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## W. German economy cooling down slowly

BY MALCOLM RUTHERFORD

THE WEST GERMAN economy is cooling down, but only at a glacial pace. In July, the rate of growth of the economy was 1.5 per cent. on the latest batch of official figures.

These show that new orders were fractionally down, orders to industry in July were running at 2 per cent. (in value terms) below deliveries, thus leading to some slight shortening of order books.

The average seasonal fall in orders from June to July in the goods sector last few years has been 8 per cent. This time it was 10.5 per cent. Without allowing for rising prices, July orders, however, were still fractionally up on the year.

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## PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The following is the review by the Chairman, Mr. R. F. E. Hellings, dated 23 August, 1971, which has been circulated to members together with the Report of Directors and Annual Accounts for the year ended 30th June 1971.

The Director's Report deals in detail with the company's activities.

Examination of the Ten-Year Comparative Record published in this Report, compared with that in last year's, will reveal lower reported earnings per share and consequently a reduction in shareholders' dividend cover throughout the period. This arises from the amended accounting presentation for the transition to Fixed Assets Replacement Reserve as explained in the Directors' Report. Thus in respect of both the 1971 and the preceding year, the earnings covered dividends 2.3 times (compared with 3.1 on the previous basis) which may be regarded as a more realistic figure.

Production problems contributed to our sales objective not being achieved, the resultant marginal increase in sales being inadequate to offset increases in working costs. Improved returns from dividends and interest together with a lower incidence of taxation associated with commissioning of new plant, contributed to an increase in taxed profit of 6.7% compared with the previous year, as shown in the accounts and reported by Directors.

The formation by the three major cement producers of a Central Marketing Organisation in the Northern area of the Republic should result in service benefits, flowing to the consumer with distribution advantages accruing to producers in the longer term.

There has been some improvement in the Railway transport system, but periodic shortages of facilities are being experienced. The policy indicated by the Railway Administration to use larger trains together with the proposal to expedite the turn-round of trucks will necessitate your company reviewing its existing exchange yard and staging facilities at factories and quarries. This could well involve additional capital expenditure.

A private bill which was enacted on the 14th July 1971 enables your company, in conjunction with the S.A.R., to construct a railway line to transport limestone from deposits to be exploited in the Beaufort area. Certain formalities and other matters

have delayed the development referred to in my last review but it is proposed to proceed with these shortly.

The commendable objective of the Government to reduce pollution is currently receiving attention. Your company is aware of its responsibilities in this regard and has investigated procedures necessary to meet the stringent requirements prescribed. Because of the substantial expenditure involved, the authorities should consider some form of financial assistance by permitting additional taxation concessions associated essentially with gas cleaning plants.

With the tight monetary policy adopted by the authorities, I anticipate that the short term demand for cement will show a further reduction in its growth rate. Escalating costs associated with materials and wages are a matter of grave concern. It has become very evident that the production of a basic commodity, such as cement, involving capital-intensive processes, must be relieved of rigid control of its selling price and, further, must be given greater discretion to utilise that great reservoir of labour which is available in the country.

Under the conditions prevailing in the industry, your company's management will be hard pressed to arrest declining profit trends. Nevertheless, the sound financial structure of the company achieved over many years with the Board's policy of prudent retention of earnings should enable it to maintain a steady and possibly a progressive dividend policy subject to circumstances outside its control.

The Portland Cement Institute and South African Cement Producers' Association have served our interests well. My thanks to the staff of these organisations for their contribution.

To my colleagues on the Board, Managerial Staff and all employees I convey my thanks and appreciation for their co-operation during the year under review.

The seventy-sixth Annual General Meeting of members of Pretoria Portland Cement Company Limited will be held in Johannesburg on Friday, September 24th, 1971.

Copies of the Annual Report and Accounts can be obtained from the share transfer office of the Limited Secretaries, Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.

# You can't beat it for comfort either



Just because the Alfa Romeo 1750 Saloon can outstrip any saloon up to 2 litres, don't think we forgot about life's little comforts.

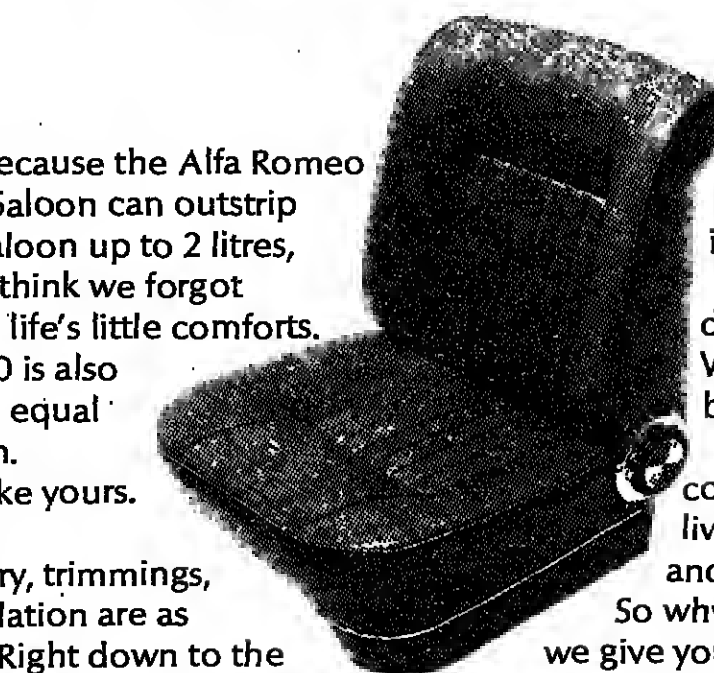
At £1,883 the 1750 is also a luxury saloon to equal your luxury saloon.

It has 4 doors like yours. Seats 5 like yours.

Carpets, upholstery, trimmings, heating and ventilation are as opulent as yours. Right down to the fully reclining, body-moulded front seats.

Safety features are similar too. They include a reinforced passenger compartment. A padded interior. Impact-absorbing front and rear. And impact-absorbing steering system.

Then there's that Alfa Romeo performance. The 1779cc, twin ohc engine has two twin-choke carburettors. It delivers 0-50 mph in 7.1 secs; and 112 mph. At 70 mph it lazes at half power.



The all-synchromesh gearbox has 5 forward gears for instantly responsive gearchange. Brakes are servo-assisted, dual-circuit discs all round.

With a regulator to stop the rear brakes locking. And there's a balanced roadholding combination of wide radial tyres, live rear axle, and anti-roll bars front and rear.

So why make do with luxury alone, when we give you luxury and performance together? Feel what we mean. Test drive the Alfa Romeo 1750 Saloon today. There's nothing to beat it at the price.



1750 Saloon. Seats 5. 112 mph. £1,883.

Alfa Romeo The car that feels part of you.

Alfa Romeo (GB) Ltd, Edgware Road (nr. Staples Corner), London NW2 6LX. 01-450 8641



## REACTIONS TO BANK RATE CHANGE

## AT HOME

## HP companies cautious over impact

BY MICHAEL BLANDIN

THE CUT in Bank Rate brings an immediate reduction in the cost of credit over a wide range of both industrial and consumer borrowers. Immediately, its most important effect is to cut the level of interest rates paid and charged by the big banks.

Forward Trust, one of the leading instalment credit groups, announced immediate cuts of between 1 and 1.5 per cent. on most forms of consumer lending. Reaction from other hire-purchase companies, however, was rather more cautious.

The "cautious" arrangement among the clearing banks is due to end when the Bank of England brings in its new credit control policy, and there has been considerable discussion in the banks of possible changes in the bases of their rates. At present, however, the maximum deposit and minimum overdraft rates are still directly tied to Bank Rate.

Wide range  
The maximum rate paid on deposit accounts was therefore cut yesterday to 3 per cent.—2 per cent. under Bank Rate. The "blue chip" rate—the rate charged on overdrafts to top-quality risks in the industrial sector—came down to 6 per cent., 1 per cent. over Bank Rate.

The change is likely to provide a welcome relief to a wide range of industry. The number of companies which rate the minimum lending level is probably relatively small, and may have declined recently as the banks have tightened up on their lending rates. Many companies will be paying 2 or even 3 per cent. over Bank Rate, while individual borrowers may pay 4 or 5 per cent. over. Nevertheless, the result will be a drop in the cost of their borrowing right across the board, leaving the top overdraft rates probably below the 10 per cent. level.

The effects are likely to work through to other forms of lending less directly linked to Bank Rate, particularly the personal loans offered by the banks and their medium-term lending to industrial and commercial customers.

One bank, the Midland, immediately cut its personal loan rate yesterday from 7½ per cent. flat to 7 per cent., equivalent to a

true rate of a little over 13 per cent.

This brought the rate into line with National Westminster, where personal loans have been cheaper so far, and left it 1 per cent. under the Barclays rate. Both NatWest and Barclays, however, indicated that the rates would be under review following the change. Lloyds has no specific personal loan package, but does offer personal loans at normally 4 per cent. over Bank Rate.

There may also be changes in the rates charged on the longer term credit of up to five years offered by the banks to industry. The loans provided by Midland Bank Finance Corporation, for example, are on a rate calculated with reference to the cost of money, and both existing and new borrowers may benefit as a result of falls in money rates.

Barclays' medium-term loans are on a floating rate tied directly to Bank Rate. NatWest's, however, are fixed for the term of the loan, at present at 5½ per cent. flat for secured loans and 7 per cent. for unsecured.

The initial reaction from most hire purchase groups was that it would take a little time before the impact of the change might be felt in rates. The Finance Houses Association argued that the Bank Rate decision might not have too marked an effect immediately on interest rates offered by its members. A 1 per cent.

spokesman pointed out that more emphasis was now placed on the FHA base rate, linked to money market rates, than on Bank Rate.

United Dominions Trust, Britain's biggest instalment credit house, said: "We must wait and see what effect the lower Bank Rate will have on the cost of money before considering any reduction in credit charges."

At Lombard Banking, a subsidiary of National Westminster, it was decided to reduce to 6 per cent. the rate of interest paid on six-month deposits, while a decision on instalment credit rates will most likely be made today.

Forward Trust, a member of the Midland Bank group, immediately announced its lending rate cuts. They bring the standard rate charged on new cars down from a flat rate of 11.5 per cent. to 10.5 per cent., and on cars up to one year old from 12.5 to 11.5 per cent. Rates on used cars up to three years old came down from 14 to 13 per cent. flat.

The standard rate on loans for some improvements drops from 9 per cent. flat to 8.5 per cent. At the same time, cuts of 1 per cent. flat were made in instalment credit terms for industry: for example, from 7.5 to 6.5 per cent. for engineering plant costing more than £5,000, while rates for commercial vehicles drop by 1 per cent.

which would be accompanied by a cut in the 8½ per cent. mortgage rate paid by borrowers—could be made without impairing the high inflow of money.

The societies all expressed a warm welcome for yesterday's move and many confessed that it brought the time for a change in the interest rate structure much nearer than had been previously anticipated. Most said the situation would be the subject of detailed consideration within the next two or three weeks.

The Bank Rate reduction is primarily designed to influence short-term interest rates but the societies pointed out that the move would work its way through to affect medium and

long-term rates with which the movement has to remain competitive.

A characteristically cautious statement issued yesterday by the BSA said that the Bank Rate cut was welcome and it was hoped that the decision would herald a reduction in the general level of interest rates throughout the economy.

The BSA statement contained the strongest hint yet that a cut in rates was now a definite possibility. It read: "Evidence of a reduction to the rates offered by competitors will create prospects that building society rates can also be lowered without seriously impairing the supply of home loans. The council will keep the position closely under review."

The engineering industry said it considered the reduction "very welcome news." The Engineering Industries Association said: "It will enable companies needing new equipment to go ahead with their expansion plans. Other companies with considerable bank loans will have their repayment and interest problems eased, and in general, with money more readily available at a reasonable interest rate, the news is extremely good."

Mr. Vic Feather, general secretary of the TUC, said the move was "welcome if overdue." He added: "But it is odd that it is only because of an inflow of money that the Government has done this. It shows a strange sense of priorities in seeing 900,000 out of work and stagnant investment as merely a side issue."

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Mr. Frank Higham, director general of the Motor Agents' Association, said: "We are delighted. This must be beneficial in de-treering the economy. In particular, as far as the motor retail trade is concerned, this supports previous measures taken by this Government to relax controls and stimulate new

business."

ment in future months, he added. The motor industry also gave its approval to the decision. The Society of Motor Manufacturers and Traders said the cut would help reduce some of the heavy cost pressures on business as a whole. Although, in itself, it was not a major step, when taken along with recent credit buying moves and taxation cuts the decision was a "useful further stimulus to overall confidence."

New equipment

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## ABROAD

## U.S. sees move to stop £ appreciation

BY PAUL LEWIS

WASHINGTON, Sept. 2

THE CUT in British Bank Rate has been seen as a deliberate attempt to strengthen the British Government's hand in the forthcoming world monetary negotiations by holding down sterling's floating exchange rate. It is assumed here that the British authorities are determined to prevent the pound appreciating to a rate which might prove embarrassing when the full burden of Common Market membership is felt and recession starts to take its toll on exports.

By cutting Bank Rate now they should succeed in forcing out some of the hot money which has flowed into the country over the last few weeks and deterring any further capital inflows. This will reduce sterling's rate on the market or at least prevent it rising higher, just when the

world's major financial powers are trying to work out a new set of par values for their currencies.

As a result, Britain will go into tomorrow's meeting of the Group of Ten in Paris and all subsequent negotiations on this topic with sterling showing a lower appreciation on the market in terms of the dollar than most other floating currencies and its bargaining position will be correspondingly strengthened.

In the first place, the British will have more to offer by way of a revaluation of the U.S. in return for the withdrawal of the import surcharge. But at the same time they will also have a better chance of getting the pound into the right relationship with the yen and the Common Market currencies in any return to a fixed rate system.

positions, however, monetary officials hope the deputies will be able to discuss the fundamental trends in member countries' trade and payments. If there is any agreement at all tomorrow on the validity of these trends, the next step will be to try to agree on the parity changes which would be needed to correct them. If the recent OECD analysis is correct, it would point to steeper changes than have yet been brought about by the first two weeks' floating.

Meanwhile, the French financial community to-day seemed surprised by the extent of the British Bank Rate decrease. This leaves the French discount rate, at 6.75, the highest of any major country, though the importance of the rate in the domestic structure of interest rates has been deliberately reduced by the authorities in recent months.

The Government itself is also adopting a lower profile in international monetary affairs than has been the case in the past week or two. President Pompidou, according to inspired newspaper reports to-day, emphasised in Wednesday's Cabinet meeting that France's main concern was to see a solution to the crisis, not to wage war on the dollar.

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# 1,491 Other Overseas News

## Massive "yes" for federation

CAIRO, Sept. 2. — Egyptians recorded a near-100 per cent vote in favour of a union with Syria and Libya, according to the results of a referendum held yesterday. Interior Minister Amr Abdol Rahman Khafawzi announced that the 7,722,911 voters cast 7,404,464 had no, giving a favourable result of 99.9 per cent. 13,228 votes were declared invalid and 498,063 abstained. Khafawzi said that the referendum was held in a free and fair atmosphere and that the results reflected the Egyptian people's desire for a united Arab Republic.

Speaking in an interview with a Egyptian news agency, Khafawzi said the referendum would establish a new relationship with the Soviet Union based on equality and mutual respect. He said that the decision was taken after a long and difficult process, and that it reflected the Egyptian people's desire for a united Arab Republic.

## Government to meet Jordan guerillas

By Our Middle East Correspondent  
JERUSALEM, Sept. 2. — Representatives of the Jordanian Government and the PLO met in Jeddah on Monday to attempt to reach a settlement between the two sides. The meeting was held in a hotel in Jeddah, and was attended by a number of officials from both sides. The Jordanian side was represented by a number of officials, including the Minister of Defence. The PLO side was represented by a number of officials, including the Chairman of the PLO Executive Committee. The meeting was expected to last for several days.

## Nigeria to seek a 33 1/3% interest in AGIP oil concessions

LAGOS, Sept. 2. — The Nigerian Government is negotiating to take up a 33 1/3 per cent equity position and an equivalent working interest in oil concessions held by the Italian oil company, Agip, the Federal Commissioner for Mines and Power, Dr. R. A. B. Dikko, announced here today. The Commissioner, addressing the inaugural meeting of the Nigerian National Oil Corporation, said the negotiations were based on an option agreement with Agip in 1964. Agip is currently producing 1.5m barrels of crude monthly and ranks the fourth largest producer in the country, according to official figures here. If negotiations go through, it will be the second western oil company in which the Nigerian Government will own an interest. The Government acquired 35 per cent participating interest in the French oil company, Elf, before allowing it to resume operations last April. The interest will rise in three stages to 50 per cent as the company's production rises to 400,000 barrels daily. Dr. Dikko said it was the government's intention that the corporation, established recently, should develop into a fully-integrated oil company "participating effectively in exploration and production of crude oil, transportation, refining, marketing, and other ancillary activities associated with the oil industry." He said the retained earnings from petroleum exports would account for more than 85 per cent of the company's income.

## MAKARIOS GOES TO ATHENS

# Desperate need to break stalemate

BY ROBERT GRAHAM

THE PROBLEM of the divided Greek and Turkish communities in Cyprus has moved into a new and crucial phase with a visit to Athens by President Makarios. The Archbishop is due in Athens today for talks with the Greek Premier George Papadopoulos in an attempt to prevent a further deterioration in relations between the two countries. There clearly is a need for the Archbishop and the Government of Mr. Papadopoulos to achieve a better understanding; that is seen as the most important single factor for de-escalating the tensions which have built up between the Greek and Turkish Cypriot communities in recent months.

## Safety valve

The latest, and potentially most explosive, in a series of incidents occurred last week-end when 28 Turkish Cypriot "fighters" in uniform were apprehended by a group of Greeks on the main road between Nicosia and Famagusta. The Turks replied by taking 35 Greeks hostage. It was only after timely intervention by the United Nations peace keeping force and a friendly telephone conversation between Mr. Glafcos Clerides and Mr. Rauf Denktaş, the respective Greek and Turkish heads of the inter-communal talks, that the men were released. The incident had lasted some 12 hours. There have also been isolated incidents of shootings and claims of harassment by Greeks against Turks and the two communities in the past year or so. The Turkish administration is supported from the mainland to the tune of £8m. a year and the bostages incident proved

backed by 600 troops. (This is the official permitted figure.) As for the Greeks, who form the majority of the 634,000 population, they have been arguing all along for a unitary state. It is argued that the Turkish proposals would prove not only costly but less workable and potentially more divisive. Further, the Greeks who have 900 mainland troops permitted on the island (and at least 200 more are believed to be there) reject the concept of external guarantees. But now as before in Cyprus's post-independence history, the problems in the last resort are not so much physical as psychological. In an island where the Greeks outnumber the Turks by five to one, the Turks fear that if Cyprus enjoyed a real independence then it would be all too easy for it to end up becoming part of mainland Greece. The much feared Enosis would be an irreversible action which would lay the path open to extremists on both sides.

At recent meetings both sides have resorted to exchanging formal letters which merely reiterate their respective positions. Neither side is prepared to take the responsibility for declaring the talks at an end. This reluctance gives cause for some hope simply because everyone knows that at the local level breaking of the talks would be an irreversible action which would lay the path open to extremists on both sides. The positions of the two are roughly as follows. The Turks, encouraged in a belief (yet to be proved erroneous) that Ankara is firmly behind them are holding out for stronger guarantees both internally and externally. They want a separate local administration responsible for its own Turkish police and courts which would be backed by a Turkish military presence. At present there is a de facto separation with the 15 Turkish deputies to the National Assembly refusing to participate in any way of avoiding a confrontation with Turkey. The Turkish administration is supported from the mainland to the tune of £8m. a year and the bostages incident proved

President Makarios to resolve the community problem. From letters exchanged between Mr. Papadopoulos and Archbishop Makarios it has emerged that Athens has suggested concessions by the Greek Cypriots principally in the form of the appointment of a Turkish Cypriot Minister for Local Government. It seems that such a suggestion was the fruit of a discussion between Athens and Ankara and had been discussed by Greek and Turkish representatives at the NATO meeting in Lisbon this year. President Makarios' reaction was extremely hostile and he was careful to leak the contents of an angry letter to the Greek Premier (which has scarcely helped a climate of détente).

The Archbishop's reaction appears to have been dictated in part by a suspicion that the NATO powers in general—and Greece and Turkey in particular—were colluding in an effort to impose a solution. In view of his desire to see Cyprus as non-aligned such an interference by Western powers is unacceptable to him. It is also clear that the objects being dictated to by Athens whose present Government he has never greatly admired (and whose legal ruler, King Constantine, he still acknowledges).

As proof of his independence the Archbishop visited Moscow in June where he was much feted by the Soviet leaders and vociferous promises of Soviet support were proffered. He returned muttering warnings about being willing to seek aid from any source; but the visit was primarily tactical. However, it further alienated Athens and in Cyprus aligned him more closely with the powerful local Communist Party which has in turn begun to step up its campaign against the presence of British bases on the island.

## Power base

It is against this background, then, that the visit is taking place. On the surface Athens has a number of sanctions it can impose like, for instance, the withdrawal of Greek troops. But such measures of pressure are excluded as unrealistic. Besides Archbishop Makarios is astute enough to exploit the various sensitivities of both Athens and Ankara and be in confident of his own power base on the island. Ultimately Athens can do only two things. First, it can assure the Archbishop that all possible influence will be used with the Turkish Government to ensure a just solution and on this point Athens and Nicosia will need to work out a constructive attitude for talks between Greek and Turkish officials at the UN later this month. Secondly, the dangers of Archbishop Makarios' continued balancing act can be stressed. His fine political judgment has enabled him to play for all sides some of the time and yet he referee all of the time. This policy can work so long as the safety valve of inter-communal talks is effective. Thus new impetus to the talks is essential, observers believe. Any other possible initiative such as through the UN (which has been rumoured recently) is likely to be distrusted on the island.

## Marcos begins to lose support

MANILA, Sept. 2. — The current Philippines turmoil continues unabated. While President Marcos presents, or promises more evidence of Communist subversion and violence, the most violent part of the country continues to be on the island of Mindanao now beset by Muslim-Christian communal clashes. By a conservative estimate 600 people have died in Muslim-Christian clashes in Mindanao so far this year—mainly in the province of Cotabato. Now that violence, which usually centres around land disputes, has spread north to the provinces of Lanao del Sur, and Lanao del Norte. Recently, violence, mainly by Muslim and Christian "private armies," has resulted in at least 60 additional deaths, two-thirds of them Christian and including at least two city mayors. The uncertain situation has resulted in many evacuations, to midland provinces, while reports to-night indicate that refugees are fleeing as far away as Negros Island, 100 miles to the north of Mindanao. General Garcia, head of the paramilitary national police, flew to Lanao today to inspect the trouble spots and President Marcos has scheduled a "peace" conference to-morrow. Several earlier such conferences had only a marginal impact on the violence. Garcia pinpointed "political rivalries" behind the violence. Meanwhile the President continues to hammer away at the Communist threat. The efforts themselves indicate that the three-fold and far-achieved limited credibility. With opposition to the suspension of Habeas Corpus mounting one intriguing question is how much of the President's diminished political prestige will be expended on this effort. To-day, he called in Senator Roxas, the injured Liberal Party president in a belated attempt to promote wider front-to-front Communism. If the Supreme Court allows the petitions for Habeas Corpus now before it, the President will be in an awkward position. But some observers perceive an active and nationalist strain in the present court, which may result in an adverse decision for the President. Either way, the court, for long above political controversy in the Philippines, now looks certain to be involved. The decision is expected sometime next week. At the same time there have been three major defections of support from the President's Nacionalista Party. No less a person than Vice-President Fernando Lopez has criticised the suspension of Habeas Corpus. As has the former House of Representatives Speaker Jose B. Laurel. Both are leaders of major factions in Filipino politics, who had both broken with Marcos earlier this year. In the present context their wide-ranging criticisms assume added significance. Similarly the Senator leading the Supreme Court case against the suspension, Senator Dimaano, has resigned from the Nacionalista and indicated his decision is final. Thus President Marcos, in accentuating his powers has also succeeded in stimulating opposition within the Filipino political elite—as well as generating unity among radical student demonstrators.

## NZ shipping agreement

WELLINGTON, Sept. 2. — AGREEMENT on joint New Zealand-Australian ownership of the P and O subsidiary New Zealand Union Steam Ship company was finally reached to-night after exactly 12 months of negotiations. Leading New Zealand business interests and Thomas Nationwide Transport of Australia will be equal partners in the consortium to buy Union Steamship for \$NZ24m. (about £11m.). The New Zealand Government has agreed to provide bridging finance to cover any shortage of capital required for the New Zealand share in the deal but Transport Minister Mr. Gordon To-night said that he expected the full amount required would be subscribed from New Zealand commercial interests within the next week or two. At present the another

## MUSCAT RULER RIOT REACTION

BAHRAIN, September 2. — OMAN'S Sultan Qaboos has formed a special committee to examine workers' grievances following the daylong demonstrations and rioting by discontented labourers in the twin towns of Muscat and Muttrah yesterday, according to reliable sources here. Both towns today remain under a curfew imposed yesterday evening but special measures are being taken to get powerhouse and other essential employees to work. Trouble began with a dawn strike yesterday following which over 1,000 workers assembled in Muttrah and began a march on the Sultan's palace in Muscat. Vehicles were damaged and some shops were looted. The marchers protested against low wages, high living costs and particularly against large numbers of expatriate workers now being employed.

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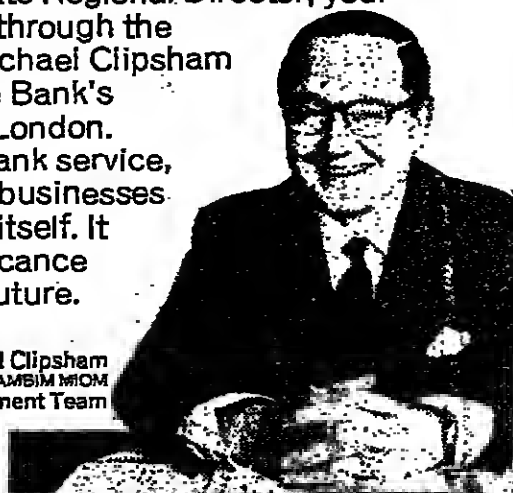
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# The Private Company

FINANCIAL  
TIMES  
SURVEY

## Source of a major contribution to the country's economy

By MICHAEL BLANDEN

Despite taxation and other unwelcome pressures, Britain's private companies—that is, those which are not quoted in the public Stock Exchange lists—continue to form a surprisingly large proportion of industry. They include several companies which can be regarded as household names.

This survey sets out to examine this sector of industry, and its problems—particularly in the light of the current official inquiry. It looks at a number of critical areas, including the provision of finance and the steps which can be taken to preserve individual identity.

The substantial proportion of British industry which is in the hands of private companies makes a large contribution to the economy. It was reckoned recently that less than 2 per cent of all companies registered in Britain are public groups with the pomp of a stock market quotation and a responsibility to

public shareholders. It is these, fair number of large companies of course, which tend to gain most of the publicity and attention. But it is arguable that more notice should be given to the importance of the private company sector and more encouragement to its development. There are still, of course, a

These companies, big by any standards, provide a substantial part of the material contribution of the private companies. They have the advantages which private status confers: the relative freedom of action open to a group without outside shareholders, for example. But their size also gives them a lot in common with the public companies.

It is among the small private companies, probably some 390,000 in number, that the special nature of their activities is most clearly seen, as well as the pressures which continually threaten their existence and development. The overwhelming majority of registered companies fall into this group. And their contribution must be measured by more than the simple material standards. This sector provides the opportunity, for example, for many people to develop their talents who might not flourish in a large organisation; and it creates an important source of innovation and competition for many sectors of industry.

For these companies in particular, therefore, the results of the investigations being carried out by the Bolton Committee of Inquiry on Small Firms—expected to produce its final report later this autumn—are of major interest. It is likely to bring out into the open the disabilities which they suffer from, more than their public counterparts, and possibly to suggest some answers.

One of the main objects of the Committee is to study the availability of finance for small companies, a problem which has repeatedly been commented on in recent years. It is not easy for small firms in general either to command the expert knowledge required to make good use of the financial facilities available, or to get finance on reasonable terms. For those in the private sector, the problem is likely to be particularly acute—the need to gain a base for further expansion is one of the important motives of the companies which go public and get themselves access to the stock market.

### Major problems

One of the studies prepared for the Bolton Committee by the Economists' Advisory Group recently identified the major problems of the small firm. They argued that it was not possible to identify "a single major defect in financial facilities for small firms that calls for radical action." But the economists went on: "small firms are at a disadvantage relative to large firms in a number of significant ways. In particular, they are hit harder by credit restriction and taxation; they are faced with investigation and other costs that are proportionately higher for small loans; they are less well informed about alternative sources of finance; and they are less able to satisfy the requirements of lending institutions as regards financial information and managerial competence."

If there is a single problem which most affects the private

company, both small and large, half of the people employed, however, it is the pressure of estate taxation, particularly in the retailing and wholesaling industries. The structure of tax at And even in manufacturing industry, where public companies are strong, the private company, as is pointed out elsewhere in this survey. It has been a major factor prompting private companies to go public.

In terms of profits, again, figures demonstrate the importance of the private company and businesses, contributing per cent of the total profit generated by all enterprises in much higher proportions than construction and distribution industries such as transport and distribution. What is more, the book argues the large private companies tend to be more efficient than their public counterparts, producing higher rates of return on their total assets in a number of sectors.

### Central issue

It was singled out by the authors of a recent study of the problem as the central issue. In their book "The Private Com-

### TOTAL PROFITS

	Gross profits arising in U.K. £m.	Annual depreciation £m.	Net profit £m.
<b>PUBLIC COMPANIES</b> .....	3,161	695	2,466
<b>PRIVATE BUSINESSES</b> .....			
Private companies .....	1,352	492	860
Non-corporate enterprises .....	660	299	361
<b>TOTAL PRIVATE COMPANIES &amp; BUSINESSES</b> .....	2,012	791	1,221

Source: "The Private Company Today," A. J. Merrett and M. Lehr.

pany Today," Professor A. J. Merrett and Mr. M. E. Lehr summarised their conclusions very briefly: "1—The private companies and businesses make a large and special contribution to the U.K. economy. 2—The current trend of tax legislation, if continued unchanged, will ultimately eliminate all private businesses of any significant size."

Considering the importance of the private company, the authors, with the help of figures for 1966 from various sources, pointed up the major contribution which it makes. Their results highlighted, to begin with, the significance of the over 2,000 "large" private companies. It is pointed out that these include some important national names; and while they account for less than 1½ per cent of the total number of companies, they cover some 5 per cent of civil employment and 10 per cent of corporate profits.

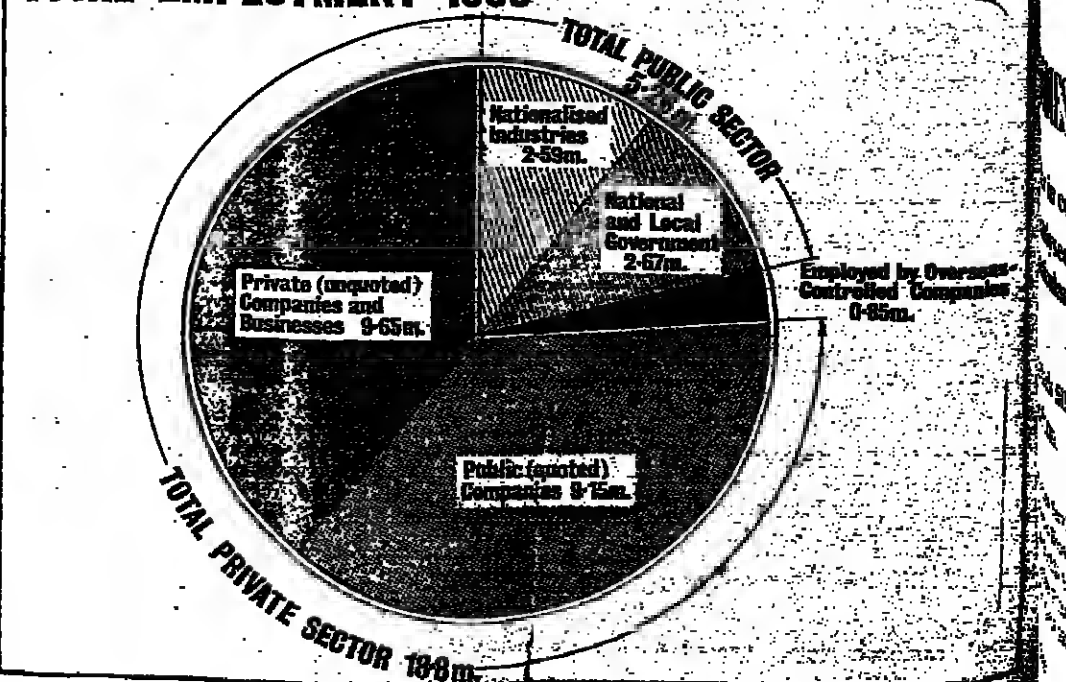
What is more, when the very large number of smaller private companies is taken into account, the result demonstrates their very substantial economic weight. Though individually small, the private companies and businesses together are the biggest single employer, accounting for 39 per cent of civil employment against 37 per cent for the public companies. Particularly in the service industries they are the predominant employer, according to Professor Merrett's figures—for 71 per cent of private sector employment in industries like financial services, hotels and catering. More than

### More efficient

Yet in many industries—for example, construction or diversified engineering business—the smaller unit in private hands may often be a more efficient form of organisation than the large public company. The whole of the unquoted sector of industry, it is argued, fulfils the essential function first of maintaining competitive and preventing the establishment of monopoly situations and secondly of providing a vehicle for innovation, marketing and product development out of proportion to the size of the units involved.

The private companies have a freedom and drive to take risks which are less often available to the public organisation. And in many fragmented industries they are the only ones to meet a demand for a very large range of services, where there is no advantage in achieving greater size.

### TOTAL EMPLOYMENT 1966





## THE PRIVATE COMPANY II

One of the intellectual achievements of English lawyers of the last century was the concept of the company as a legal entity separate from the members who hold the shares in the company. This legislative creature of a laissez-faire age still provides the commercial community with an exceptionally valuable form of association and ownership. It also offers a medium in which expertise in business management and the effective use of the resources of financial assets and of manpower can be combined with individual ownership and control.

# Company law and its particular application

By JUSTINIAN

Public and private companies the company to commence business are designed to meet different needs, to borrow and to enter economic life. The former is to fully binding contracts, raise capital from the public to immediately, and no statutory finance an enterprise, the latter report, or statutory meeting is to confer a separate legal personality on the business of a single trader or partnership. While therefore the public company uniquely provides to the investor, in the form of an ordinary share, a convenient and flexible form of property, it also provides, alike with the private company, benefits to management by facilitating commercial transactions.

### Looking ahead

If the promoters of the private company envisage a future going public, they will need to frame the company's articles of association with that fact in mind. Some clauses, inappropriate to a private company, are vital for a public company. For example, articles will need to be framed to comply with Stock Exchange regulations if the company's securities are to be quoted publicly. The prime motivation for trading under the cloak of corporate status is to expand the private company's actual particular commercial activity without incurring the intolerable risks of personal liability.

Public and private companies the company to commence business are designed to meet different needs, to borrow and to enter economic life. The former is to fully binding contracts, raise capital from the public to immediately, and no statutory finance an enterprise, the latter report, or statutory meeting is to confer a separate legal personality on the business of a single trader or partnership. While therefore the public company uniquely provides to the investor, in the form of an ordinary share, a convenient and flexible form of property, it also provides, alike with the private company, benefits to management by facilitating commercial transactions.

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### Two respects

There is no difference between the rights and powers which a company may lawfully acquire and exercise within its stated objects and the same rights and powers when possessed by any natural person. The company differs in only two major respects. The extent of the capacity with which it is endowed is very much more restricted than that of an individual: it cannot do anything more than is prescribed for it in the Articles of Association. Second, its motivation is not normally that of one person — there are, of course, one-man companies — but of an association of persons who usually act by majority rule, and who customarily delegate the exercise of their powers of control of the company's affairs to others.

Essentially, therefore, the company is a means by which the property and associated rights of numerous individuals may be merged for their more effective and efficient use. The company is a legal means to this commercial end. Property transferred to and acquired by it is not changed by incorporation; and the company does not enjoy the benefits or advantages of ownership. It is the vehicle by which commercial men put their property and their commercial skills to better use. As such the company has a long life ahead of it.

### Main features

The distinctive features of separateness between the company and its members — a kind of corporate apartheid — are (a) the company's ability to enter into contracts on its own behalf so that shareholders are not personally liable — that is to say, their belongings cannot be seized to pay the company's debts; (b) if a shareholder goes bankrupt or dies, the company

is not directly affected; (c) it is easier to sell shares in a company than it is to sell a share in a partnership; (d) they can retain much of the individuality of the members without involving the latter in great financial risks. Incorporation — the limited liability company — provides a protective device for the members whose liability remains limited to the calculable extent of their individual shareholding. While separate legal entity is fundamental to the whole concept of corporate liability, the courts have never found it easy to define and describe. A private company has been variously dubbed "a mere nominee," "a mere fraud," "a myth and a fiction," "a cloak," "an alias," "a simulacrum," "an alter ego" and a variety of other more or less polite invectives when dealing with the separate existence of the company.

Whatever undesirable consequences have flown from the law's inability to grapple with the concept, the advantages of the trader are generally well known and much sought after. Something like 40 per cent. of the value of all physical assets in the United Kingdom is vested in companies. And if the bulk of that is in the hands of public companies the private company is no less a significant factor in the nation's wealth.

## Incentives and other schemes for management

By A Correspondent

Given that private family-controlled companies are more often than not smaller than their publicly quoted counterparts, they often face particular difficulties in both finding and keeping good non-family directors. With the ultimate positions of power and reward closed to all but family, such directors will often face strong temptations to switch to more flexible companies.

One method to retain such directors is, of course, to pay above the odds for a particular job, but then this incurs obvious financial waste. Alternatively the size or type of company can introduce some sort of executive share incentive scheme. Indeed, there often appears to be a greater need for such a scheme in a private company.

### Twin protection

First and foremost, it would often be enough to prevent the talented executive (who, by the very nature of the set-up, is often very close to the owner-entrepreneur) leaving and going into competition. Second, it would provide the executives with both medium- and long-term protection — in the case of the former against the company going public and in the latter against the man retiring or the company being sold.

Finally, it enables both the company and the executive to benefit by a reward system based on results. It necessitates the setting up of realistic

corporate profit targets which in the event of the company coming to market can constitute a very attractive part of the prospectus.

The types of incentive schemes possible for private companies do not differ to any marked extent from those used by public companies. The only difficulty is when the private company's shares are very tightly held without any kind of market or price established. This is where the Incentives Advisory Division of Business Intelligence Services can be of some use in devising a scheme to suit all corners. As a private company, they practise what they preach: they can appreciate individual difficulties.

For example, it is possible that the existing shareholders deliberately wish to avoid having the shares valued. Although loans can present some problems, BIS feel that the 1971 Finance Act does allow some scope for them in incentive schemes for close companies. Equally they can help avoid any dilution of the equity ownership, the setting up of profit targets and schemes involving payment by results. They can thus guard the owners by incorporating methods of buying back the shares through trusts and suchlike and linking the schemes with service contracts.

### Popular package

In the final resort, BIS can not only help the owners increase the management quality but also act as independent arbiters between the owners and management in setting up individual private company employment packages. The popularity of such packages of salary or loans in place of bas definitely grown recently. with BIS claiming that its clients in this field have quadrupled over the past 12 months. In addition to share ownership incentive schemes, these packages usually include some sort of pension scheme. Contrary to popular belief, the size of a company is no barrier to

setting up a pension arrangement. It is theoretically possible to set up just as good a scheme for 2 employees as it is for 100,000. The basic pro rata cost per employee will be the same although in really big cases it is possible for a company to negotiate for possible bulk buy reductions. It must be remembered that in the case of private — or rather tightly held — companies, there are certain restrictions on the family participation in the pension scheme. If the directors own between themselves more than 50 per cent. of the shares, then any one of them who individually owns more than 5 per cent. cannot join in the pension.

### Special cases

Although this is the official published guideline of the Inland Revenue, I understand that they will consider special cases.

In the case of a smaller company, it is usual to insure all the liabilities and operate through an insurance company. When the scheme is for 1,000 or more employees, the company can opt for an investment scheme handled by an investment advisor. The borderline between the two is by no means conclusive and an advisor can often help a company make the right choice. As the number of employees in a scheme increase, the attractions of making it non-contributory and non-discretionary also increase.

In the final event, the object of both the company and the executive is to maximise the net return to the employee. Consequently, companies can and should investigate all the schemes collected by deduction of salary or loans in place of bas definitely grown recently. The main obstacles to the setting up of these arrangements appears to be threefold: lack of time, inertia and lack of knowledge. Even so their popularity is increasing, especially in private companies where the management is forced to be more enterprising.

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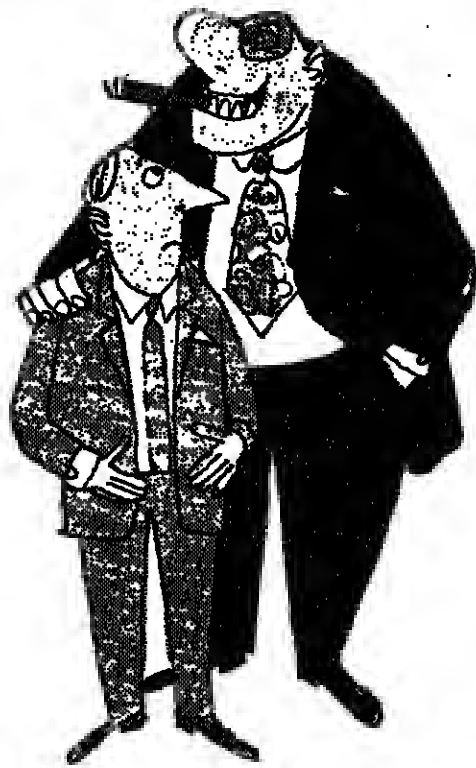
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## THE PRIVATE COMPANY III Simple mechanics of setting up a company

By NICK LESLIE

Incongruously, it is easier to become the owner of a private company than of a house or even a car. To start with, the basic cost—about £20.50—is lower, and the process can be simpler. This may sound an oversimplification of the matter, but in essence it is true. For virtually anyone but an undischarged bankrupt may own a private company and with numerous experts available to handle the incorporation and registration it is a matter of just a few weeks before the title "company director" can be assumed.

Nevertheless, this simplicity belies the fact that there are statutory obligations attached to company ownership. One of the big headaches for the Registrar of Companies is chasing those companies which fail to send in an annual return and a copy of the report and accounts. Such a failing frequently arises either because of forgetfulness or because the required documents have not even been drawn up. In the latter case, where bad or negligible accounting control are employed, it can be the first step to a company's collapse.

### Limited liability

At the present time, there are around 4m. private companies and the vast majority are those limited by share capital. This means, basically, that in the event of a liquidation, the members or shareholders of the company are liable to creditors to the extent of their shareholding only. Thus, for example, directors who are also the shareholders of a small company can protect their private finances from creditors.

Two other types of company are the unlimited company and the one which is limited by guarantee. In the case of the former, there is no obligation to file annually with the Registrar a copy of the company's report and accounts. The latter applies for such concerns as management companies for

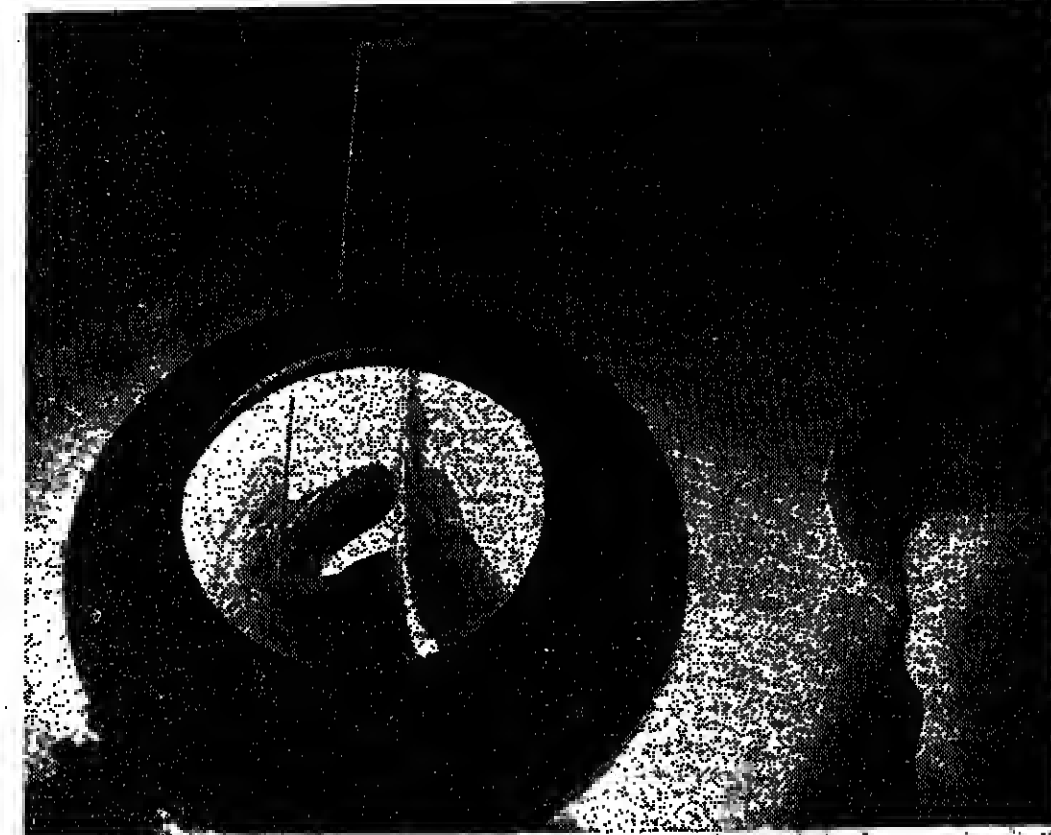
blocks of flats where a share of capital may be inappropriate. The man setting up a private company limited by share capital would first approach a solicitor or accountant who, in turn, would very likely enlist the services of a company agent. In fact, agents figure in the majority of new company registrations since they are not only experts on the subject, but also provide facilities for drawing up and printing the various documents to be deposited with the Registrar prior to registration.

The documents which must be drawn up to comply with the Companies Acts of 1948 to 1967 are designed to give details of the company's structure and aims.

First, there is the memorandum. Written into this must be the amount of share capital, both authorised and issued, the nationality of the company and the address of its registered office. Then, the nature, or aims, are outlined. Here, almost anything legal goes (dealing in treasure trove is out, however, because all treasure trove belongs to the Crown). Such activities as banking and insurance may be listed as an objective, but to operate in such a capacity requires sanction other than that of the Registrar—in the case of banking the permission of the Bank of England is needed. No company incorporated under the Companies Acts can operate as a building society.

A memorandum must be signed by at least two people who have also subscribed for at least one share in the new company. They need not be connected with the company and can, subsequent to the appointment of directors and incorporation, sell their shares.

Where the memorandum states what a company may do, the next document to be drawn up, the Articles of Association, describes how the company must operate. To quote the Department of Trade and Industry's brief explanation, the articles



Fibre optic core glass, one of the many products of Pilkington Brothers which was Britain's biggest private company until it went public last year.

are intended to show the regulations for the internal arrangements and the management of a company. They should not contain anything beyond the powers or rights possessed by the company as stated in the memorandum.

### Three regulations

Three statutory regulations which must be contained in the articles are that a company must: 1—restrict the right to transfer its shares; 2—limit the number of members to 50, excluding members employed by the company; and 3—prohibit any public subscription for shares or debentures.

These form the basic documents and at this stage the progress towards formation of the

company will have been fairly simple. What may well prove the biggest problem is choosing a suitable name. No two companies must have the same name and even a minor variation may not be allowed. In addition, there is a bar on any reference to Royalty, government departments, local authorities or to the words "bank" or "building society," among others. A company's name must also not imply it is something that it is not—for example, the word "international" will probably be disallowed unless proof can be given that the company does operate on a large enough scale.

On registration of a company, there is a fee to pay both for the registration and for capital duty. This depends on the size of the nominal capital, but the minimum is £20.50 for a nominal capital of £100—the payment comprising £20 for registration and £50p to the Inland Revenue as capital duty.

For anyone in a hurry to acquire a company, there are "shelf" or "off-the-peg" companies available. These are generally set up by agents and cover many fields of operation. They have a catch, however, unless the name, an entire memorandum, changes may be necessary which can take almost as long to be approved by the Registrar as starting a company "from scratch."

### Daily list

Although generally on the decline, the daily list of new companies published by Jordans and Sons, one of the UK's biggest agents, shows that there has been a slight upswing recently with the shelf concern accounting for nearly 25 per cent of new registrations.

This article has dealt with the mechanics of setting up a company and it should be emphasised that while the operation is simple the obligations taken on are by no means so straightforward. It is understood that the DTI is looking into the whole question of private companies and this could lead to a day when tighter regulation will restrict abuses of the system and not leave the companies generally set up by agents and register littered with defunct companies.

## Limited scope for new finance

By BARRY RILEY

Sooner or later an expanding private company is likely to reach a size where private capital and normal bank overdrafts are unable to cope with its needs any longer. Very likely the company is still too small—or has too inadequate a profit record—in contemplation of going public even if it wished to do so.

The alternatives are fairly limited: either the company can seek medium- or long-term fixed interest money from new sources; or it can associate with another stronger group, probably parting with some of the equity in the process; or it can sell out completely to another concern (public or private) with the necessary resources to finance growth.

The clearing banks—which only like to deal directly with short-term finance—have for a long time been aware of the problems of the medium-sized private company which is as yet too small to have access to the capital market. One answer to this gap in the financial services available to industry was the establishment just after the war of the Industrial and Commercial Finance Corporation. Its share capital of £40m. is held by

the English and Scottish clearing banks and the Bank of Ireland, and it has also raised £70m. over the years through issues of quoted debenture stocks.

ICFC has expanded fast. By last March its total advances to 2,200 customers in industry reached £255m., of which £147m. remained outstanding at that date. The most common financing method is the secured loan, in amounts between £5,000 and £500,000 repayable over, say, 10 to 15 years; of the £347m. gross advances in 1970-71 some £16m. came into this category.

But ICFC is willing to invest money in a variety of ways, from the leasing of plant right through to taking a percentage of the equity. Moreover, customers are able to come back for extra funds as the need arises. In one extreme case a company raised money on 17 different occasions, while collecting several acquisitions and a stock market quotation en route.

ICFC is now well equipped to handle mergers and flotations, having built up a comprehensive range of issuing house and consultancy services. It is happy to see its customers going public—though this is not one of its basic aims—and it operates a register of currently some 800 companies looking for suitable merger partners. To give an idea of the scale of the operation, ICFC brought four companies to the market in 1970-71, and was involved in 78 mergers.

### New business

A number of other City bodies make a practice of nurturing a group of private companies, partly from the investment point of view but often, too, with an eye to the future new issue and merger business which they may generate. The best known is probably the Charterhouse Group, which has actually been in the business rather longer than ICFC—since 1884, in fact—but is considerably smaller, advancing about £1.3m. of new money last year.

Charterhouse tends to be more interested in equity positions, and it prefers to operate rather higher up the size scale. The group aims to take a stake in established concerns earning profits before tax of at least £50,000, with an initial investment in the £100,000-£200,000 bracket. It holds significant minority shareholdings in over 50 companies, as well as having full control of a number of industrial subsidiaries.

Then there is the Midland Bank Finance Corporation, which after the forthcoming end of ceiling controls on lending should be able to expand in the field for which it was originally set up in 1967—the granting of medium-term (five to seven-year) loans to industry. Through a joint operation with merchant bankers Samuel Montagu, MBFC is also providing equity capital for unquoted firms with the idea of public flotation after four or five years.

### Loan facilities

Last April National Westminster Bank launched a business development loan scheme directed towards the small businessman, though the £15,000 upper limit probably limits its usefulness. More recently Barclays has announced an extension of its medium-term facilities for business customers. On a smaller scale, Gresham Trust provides share and loan capital for the expansion of small and medium sized private companies via its Wren Trust subsidiary.

Another merchant bank active in this area is Singer and Friedlander, which offers both financial and managerial advice; it also runs a clearing system for public and private companies wishing to buy, sell or merge, which works on somewhat the same lines as ICFC's register.

Hambros, Rothschilds and Keyser Ullman are other merchant banks which can be mentioned in this context, without attempting to give an exhaustive list. In a slightly different category comes Spey Investments, now trying to re-polish a badly tarnished image. Spey is concentrating on its original aims, the major one of which was to channel money from pension funds and other institutions into unquoted companies.

Finally there are, of course, specialised sources of funds like the finance houses which will ease the problem of investment in plant by providing leasing or hire purchase facilities. Or the National Research Development Corporation might help out with funds for R and D.

Finding finance for private companies is often difficult but there are several reasons for believing it could become easier in the not too distant future. For one thing, the lifting of the ceiling is already opening up new sources of funds. Secondly, a report is due this autumn from the Bolton Committee, set up by the Government to investigate the problems of small firms.

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September 3 1971 The Financial Times Friday September 3 1971

## THE PRIVATE COMPANY IV

offers for sale which the past couple of years have brought free of Britain's biggest private companies into public lists, giving market valuations of millions of



## Tax traps still a danger

JOHN CHOWN

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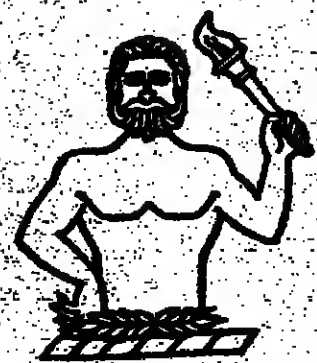
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There has been a tendency for governments to discriminate against the private company. This is perhaps inevitable as politicians and senior civil servants are likely to find closer parallels with their own activities in the internal organisation of bigger businesses. Indeed, one of the unkindest things one can say about a large company is that it is "riddled with politics." They feel less at home with the profit than with the power motive. Nowhere has this discrimination been more apparent than in the tax system. Discrimination against close companies reached its worst point with the 1965 Finance Act—itsself a great improvement over the Bill as originally drafted. Since then, even the Labour Government realised that it had gone too far and the trend has been the other way. Even to-day, there are significant tax differences between the treatment of private and public companies.

Since 1965, companies have paid corporation tax, now 40 per cent. Distributed profits suffer in addition income tax and surtax with no credit for the fact that these are paid out of profits which have already borne tax. The 1965 measures were designed to encourage companies to retain and re-invest profits. Illogically, close companies, the ones which do not have access to the capital market and which therefore have to grow out of retentions, were forced to distribute.

## System changing

As from April, 1973, the system of taxing companies is to be changed to remove the discrimination against distributed profits. The Inland Revenue has published a Green Paper on the subject, the Select Committee of the House of Commons has been studying

the alternatives, and the various professional bodies have been making their representations. The choice is really between the two-rate system and the imputation system. Under the former, retained profits would be taxed at 50 per cent, distributed profits would enjoy 30 per cent. distribution relief at the company level, and the total amount distributed would then be subject to personal tax under the unified tax system. Under the imputation system all profits would be taxed at a rate of 50 per cent, but the shareholder will be given a credit for part of the underlying corporation tax on distributed dividends.

## Dividend policy

Whichever system is adopted, the differential between retained and distributed profits will be narrowed. In the case of genuine trading companies, it will probably be possible to leave dividend policy to be determined by financial requirements and commercial judgment. There may have to be the equivalent of "surtax directions" but only, I hope, in rare cases.

Small close companies will be penalised partly because there will still be an extra layer of tax, although at a lower rate, on profits underlying distributions, but mainly because tax on retentions will rise. The owner of a one-man close company will find that he will be as well off trading as a sole trader, paying personal tax until his income reaches a level of about £17,000 per annum. Below this figure, the best strategy might be to pay out all profits as directors' fees. Above it, there will be a net advantage in accumulating profits in a company. The break-even point at which there is a tax advantage in operating through a company has risen higher and higher over the years.

It is hoped that some relief will be given to smaller close companies which could be placed at a disadvantage compared with sole traders and partnerships because of the 50 per cent flat rate. The U.S. and Canada both have substantially reduced rates for the first slice of profits and here it has been suggested that the first £25,000 might be taxed at only 30 per cent. Against this it might be argued that those affected could simply disincorporate. This is to ignore the fact that the "company" is regarded by the U.K. business committee as the natural and possibly the only acceptable form of organisation. It is not so on the continent of Europe: in Germany in particular very large businesses indeed still trade as partnerships. It seems reasonable to let British businessmen stick to the form of organisation with which they are familiar and then to make sure that they are neither privileged nor penalised by the tax system. The other way out of the problem would be to pay higher directors' fees but this route is not available for the older family companies where a lot of the shares have passed down to the ladies of the family, to children's trusts or where one brother runs the business while another carries on another profession.

## Various provisions

There are two other ways in which the tax treatment of private companies differs from public companies. There are various provisions which disallow as a deduction from taxable profits and treat as distributions, certain payments to "participants" which would be allowed as a deduction to a public company. The most obvious—and most resented—example was the restriction on directors' remuneration. This has now gone, but there are still limitations on interest payments and on patent (but not copyright) royalties. It is probable that the Government will look at these rules before 1973 and will perhaps substitute a general provision that any part of a payment to a participant which is in excess of a reasonable commercial consideration will not

be allowed as a deduction but will be treated as a constructive dividend. This rule should apply to open and close companies alike, although for obvious reasons, it will seldom be appropriate to a public company.

The Revenue are obviously afraid that owners of close companies will accumulate profits within the company to minimise their personal tax liabilities and at the same time personally enjoy the benefits of the cash in the company by indirect means. There is, therefore, a rule which reasonably enough imposes a charge to tax when loans are made to participants. There are also a set of rules (if rules be the word) which give the Revenue very broad power to treat as distributions payments which most of us would regard as normal commercial transactions. These, which can only apply to close companies, were grafted on to some legislation originally introduced in 1960 directed at certain kinds of hard core tax avoidance operations. They have, in practice, caught the innocent with the guilty and the Conservative Government have a particular moral obligation to make sure that these measures are repealed and replaced with more reasonable and precisely defined measures completely unassociated with the stigma of bond washing.

There is another penalty which does not in fact discriminate between private and public companies, but which particularly affects the private company. When a company makes a capital gain, it pays tax at corporation tax rates. A gain of £1,000, for instance, a factory, is worth £800 net to the company. So far, fair enough, but when the owner of the company sells his shares, he must pay personal capital gains tax on the whole of the gain including the £800 which reflects an already taxed gain. This situation will be worsened by the change of system and certainly needs attention. It is a trap for the unwary. With new companies it is sometimes possible to arrange that the individuals own the factory and lease it to the company. Any long term property gain is then taxed at 30 per cent, instead of 53 per cent, effective.

## No longer serious

On the whole, the discriminations against close companies are no longer serious, but there are unfortunately embodied in our legislation a number of tax traps which are most likely to affect those who are least in a position to understand and to avoid them. The professional tax avoider knows his way around the legislation, while the public company can afford to have its transactions checked out by specialised professional advisers. Only too often, the only advice available to the private company comes from a small firm of chartered accountants who are over-worked with the routine of auditing and preparing tax returns, who do not have the time to watch out for the latest angles, and who are probably never consulted in time anyway.

As a study of prospectuses will show, even under the had tax system ruling over the past few years it was still possible for private companies to grow big out of profits, and either to go public or sell out to a public company. The British tax system may appear to discriminate against earnings, but it permits a reward to those who can build up and bring to market a continuing flow of earnings. In any case, the vigorous company takes the maximum advantage of the fact that it has the use of the tax man's money for on average over a year. The general fiscal climate is improving and there are high hopes that after 1973, businessmen will be able to concentrate on making profits without having to look over their shoulders for the tax man, and without having to resort to artificial structures to preserve their solvency against fiscal extortion.

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# The Executive's World

EDITED BY  
DAVID PALMER

هكائن النحل

Japanese executives often mystify their Western counterparts by giving roundabout answers to straightforward questions. HENRY SCOTT STOKES describes some typical contortions during the crisis over yen revaluation.

## It pays to be patient in Japan

DEALING with the Japanese is not always easy because for some reason best known to themselves they will often hesitate to tell the truth, however simple and undemanding to themselves it may be. As an illustration of the kind of difficulties which may arise, I quote from a series of documents which came to my attention in Tokyo last week, and which relate to transactions between a German bank and various Japanese organisations, banks and securities companies with which it has dealings.

Let me first set the scene. Two weeks ago the manager of a smallish bank subsidiary in Frankfurt decided—following the announcement of the American economic measures—that the likelihood of the yen being revalued was high, though, like everyone else, he could not begin to guess when.

### Speculation

Accustomed to buying yen in quantity and holding balances in Tokyo for investment in the Tokyo stock market, it was appropriate time, he decided to increase the size of his holdings. His main aim was obviously speculative to make a profit out of revaluation of the currency.

But he had an investment reason to buy yen, too, because the plunging Tokyo stock market was exposing day by day more and more attractive bargains. He was gradually buying substantial amounts of Japanese stock. "It was nine-tenths currency speculation," he commented later, "but still one-tenth straight investment."

On Wednesday a fortnight ago, then, he was trying to buy yen, and the following exchange took place on the telex between Frankfurt and London, where he was in touch with the branch of a Japanese bank.

FRANKFURT: Understand that \$300m. traded on the foreign exchange market today? What were prices?

JAPANESE BANK: Yen 387.30 to the dollar (the floor price).

FRANKFURT: Wish to leave order with you for purchase yen 900m. (\$23m) at yen 386 or better against dollar (the name of the paying agent and the name of the Tokyo brokerage house with whom the yen were to be placed followed).

JAPANESE BANK: Very sorry but cannot accept order. We not allowed to do exchange transactions here under Bank of Japan regulations. Therefore cannot help.

exchange banks in Tokyo closed a little early on Thursday, a chaotic day with another half billion dollar turnover on the market). The formulation "practically closed" simply did not fit the circumstances. And in the meantime the increasingly enraged German banker was still trying to buy his yen, almost entirely in vain.

Would it not have been wiser for the securities company to have explained: "We are under tight Government control and have decided not to permit our customers to build up their yen balances any further lest we attract the attention of the authorities and are penalised. Please understand that all Japanese securities houses are under similar pressures." This would at least have made the situation comprehensible instead of making a false statement which did the reverse.

To tell the story this way is to tell it from the German side. One might take a quite different approach—that of the Japanese: Why should we assist this client to speculate, when (A) such an action would be construed unfavourably by the Ministry of Finance if discovered and (B) speculation is against national interests and—more seriously—those of the Japanese business community and of our head office in Tokyo which still has huge quantities of dollars to try to unload on the Central Bank, if at all it can do so.

### Confrontation

However one looks at this tale of confrontation and disappointment, though, the Japanese would have done better to have displayed a little more "frankness" in their manner of dealing with the situation. After all, it was the German bank which was the client.

And how to complete the story, was the German banker feeling after the floating of the yen at the end of last week? "I have learned a little from the whole business," he commented in Tokyo. "It was a little bit of an experience, but one cannot blame the Japanese so very much." One had to recognise, he went on, that the Japanese have their own way of handling things, and that Japanese executives do not necessarily react at all times as their Western colleagues would. "There is really nothing so very surprising about this," commented the banker—the words of wisdom acquired at a certain cost.

## The cost of learning

By Pamela Judge

SPECIALISED and learned libraries have one thing in common with the great wide world—rising costs and in particular those relating to the journals they must buy. In the latest survey of such prices by Basil Blackwell, Oxford, Britain leads in the rate of increase.

Taking 1970 as 100, the cost of American and Canadian specialist publications are up this year by 10.5 per cent, those from other countries have risen by 12.1 per cent but British prices leaped by 16.3 per cent. However, British journals are still the best buy for cover prices, \$10.18 being the average compared with \$17.23 for American and Canadian publications and \$12.49 for those from other countries.

Those who want to be ahead in astronomy and astrophysics are the hardest hit—their journals have gone up by 53.2 per cent, to an average of \$21.75. Students of geography face a 35 per cent increase (\$7.40 average) and neurological and psychiatric publications are 22.4 per cent more expensive (\$13.29 average per copy).

It is pleasant to report a decrease—those periodicals devoted to general technology costing between 50p-£25 are 1.1 per cent less expensive. Scientific and technological publications show the greatest rise—18.7 per cent. These are followed by the medical sector with a rise of 15.1 per cent, while humanities and social sciences are 11.2 per cent up.

## Hire an engineer

A STAFF selection and management appointment service tailored to meet the needs of all branches of engineering—Civil, Chemical, Mechanical, Electrical and Electronic—has been established by Arthur W. Pearson and Associates, Uxbridge, Middlesex.

The service is designed to operate for the engineering industry only and the company itself is staffed entirely by engineers.

One of the reasons the directors decided to establish the bureau was the great difficulty they experienced in finding the right type of staff for their own organisation when it was established some years ago.

## Critical path simplified

By a U.S. Correspondent

THE FLOOD of information from Critical Path Method (CPM) management defeated itself in many cases: managers were so overwhelmed by hundreds of pages of computer printouts that they ignored the whole thing.

But now comes an improved CPM which gives each level of management only the information it needs. The modified program is the brainchild of Chandra Jha, director of project management information systems for the Chicago office of Tishman Realty and Construction Co.

For instance, instead of getting 200 printout pages, John Tishman, construction vice president, gets a one-page printout, with information in the form of a 10-line bar chart.

The bar chart itself is prepared by the computer, which marks with an asterisk items which are behind schedule. Tishman can see progress at a glance and can call in subordinate managers to talk about the slow items.

The next level of management below Tishman gets a somewhat larger printout, but it is still in the form of a computer printout with letters across the page forming the bar. Although the steel manager, for instance, may get several pages, it will all deal with steel, not with plumbing schedules.

### Monitor projects

Reports for the next level down, the actual field supervisors, are still more detailed but they cover fewer items. The field supervisor for reinforcing steel, for instance, is not inundated with information about beam supply for the main structure. Sub-contractors get a printout giving only the start and finish dates and slippage time for each item.

Charles DeBenedictis of the Tishman company told Engineering News-Record that with the new system:

"We can monitor all projects across the country by looking at just a few computer bar charts every month and we don't interfere with each project manager's technique. We just make sure he's on schedule and that's all we care about."

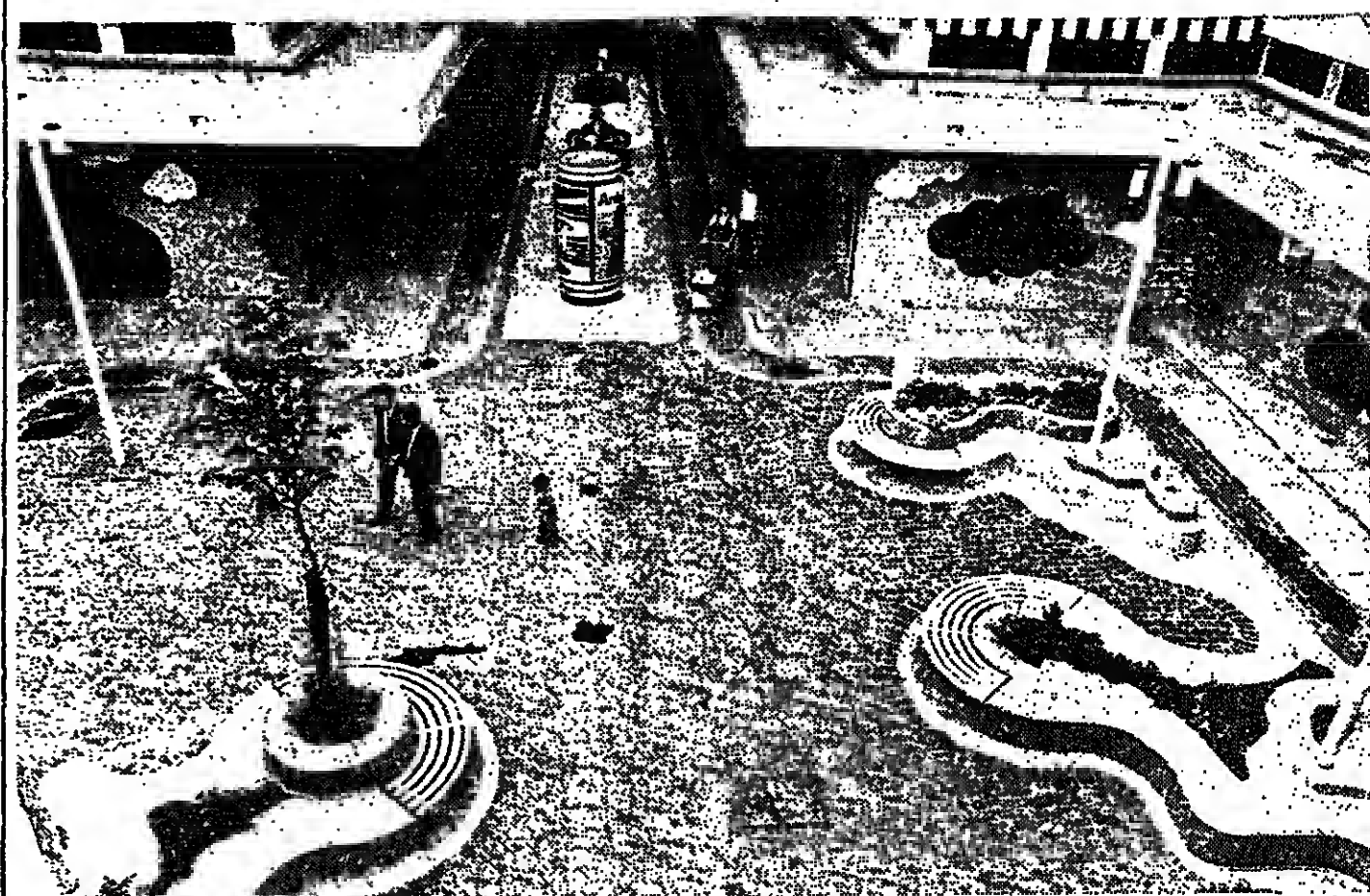
Another innovation in Jha's method is that preliminary planning is done in skeleton form—what the company people call "milestone planning." Ordinary Critical Path Method calls for detailed planning of the whole job before any of it starts. That meant that any change in any item had to be carried through the whole CPM schedule.

With the milestones method, detailed CPM is made only for foundation and placing of the first steel.

### DESIGN

## The Bush sprouts cornfields again

BY OUR DESIGN CORRESPONDENT



Glyn Gwyn

DESIGNER Peter Murdoch claims he can improve any building you care to mention with the aid of cosmetic surgery. "Even the Shell Tower," he maintains, "without the flicker of an eyelid. By cosmetic surgery he means the skilled application of colour and lighting (neither of them inherently expensive things) in a way which will conceal defects and highlight good points, rather in the way a clever girl makes up her face. Camouflage in other words."

It seems a bitter reflection on our architecture that he considers his work so vital in the present environmental battle, but he insists architects and designers should co-operate on such jobs. "There is a great deal too much emphasis being put on permanence and on detail."

It's much better to go for quick effect that can be easily changed when it becomes obsolete, and for overall impact rather than concentrating on unimportant details.

Down at Shepherd's Bush, where buses, cars and lorries converge on that one poor tired patch of grass to the west of London, and battle to get in or out of town, he's just put his theory into practice at a shopping centre beneath two 17-storey blocks of flats.

This is where Hammersmith Borough Council and Parway Estates have jointly rebuffed several hundred people who lived in the warren of Rack-manque streets which once covered the area. Peter Murdoch was called in to design a symbol and graphics for the shopping

precinct, petrol station, cinema and service bays below. Parway, who had chosen him because they liked the corporate image he had done for Court Line, the private airline, proved increasingly receptive to his ideas, and this small initial commission grew into a £70,000 "treatment" of the whole ground-level area.



The locals still talk affectionately about the Bush, and Murdoch took his theme from that. Murdoch has used brightly coloured paint to try to revive memories of a verdant past for this grey, fume-choked corner of London. All handrails and graphics are green and yellow, there are raised flower beds lined in green and yellow, and other seats have bush-shaped sides in green terrazzo. Bright green bushes are painted on the vertical slats which screen the first-floor car park, and every shop and all entrances to the precinct have the symbol which started the whole thing: a pattern of gentle green bushes outlined in yellow.

One of the horrors of a new shopping centre, for the developer anxious to have the whole thing huzzling with commercial life, as well as for the shoppers, are those blank, ugly facades which betray the unlet shop and which manage to suggest failure long before it is a fact. Murdoch has got round that by having each one painted with a stylised pattern of clouds, blue sky, cornfields and trees: Shepherd's Bush as it once was. The total effect is gay, slightly zany, but undeniably one of optimism and insurance.

A laden shopper struggling through here on a wet Monday, across the paved walkway with its insets of mosaic and bricks, round the flower beds (there's even a frail tree or two), past the green and yellow poster holders, the yellow lamp-posts, the yellow handrails, the yellow steps with bright yellow bandrails to the car park above, could possibly forget the greyness all round. The whole thing would have been incongruous in Ipswich and downright vulgar in Bath. At Shepherd's Bush, a tough, working-class area with no visual pretensions, it is appropriate. It brings a little fun and humanity into a cold, hard slab of development which might have been designed for machines, not people.

## Olivetti competition

INDIVIDUALS are more than holding their own against teams of top executives at the half way stage of the Olivetti Management Competition.

This contest to test marketing and management skills arranged in collaboration with Sundridge Park Management Centre, is currently running in the magazine Business Administration.

Individual scores at the end of the second stage were "easily

higher than teams from top companies," says the magazine. Of the top solo entries, eight are newcomers who did not appear on the leader board at the first stage, when over 50 competitors scored full marks.

Among the management team entries, Neumo—a small New-baven, Sussex, filling machine manufacturer—is again among the top ten, level pegging with companies such as Dunlop, EMI, ICI, and John Player.

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FRIDAY SEPTEMBER 3 1971

## Keeping the money out

THE TIME has long since passed when one could be astonished by the size of movements of funds across the exchange. When sterling was under pressure in the middle 1960s the true reserve losses were always larger than the worst pessimists feared. Similarly, when the D-Mark became a revaluation suspect the inflow of funds into Germany always turned out to be much greater than most people thought possible beforehand. The fact is that when a parity is threatened under a fixed exchange rate system with either a revaluation or a devaluation, both speculators and people acting from precautionary motives will have everything to gain by moving funds in one direction and little to lose if the suspected event does not in the end occur.

The \$937m. inflow of reserves into London in August, before allowing for the IMF repayments and associated factors, was not in fact particularly large in the context of the prevailing dollar crisis. This figure is for once a "clean" one and has not, as on many occasions in the past, been doctored by central bank transactions. Virtually all the inflow took place in the three days before the Nixon statement. The British reserve gain was in fact a great deal smaller than that of countries such as Japan and Switzerland. The only reason why the Germans did not suffer a mammoth inflow was that the D-Mark was already floating and a great deal of the strain was taken on the exchange rate.

**Precautionary**  
 Since the foreign exchange market reopened in London the authorities have intervened very little in the market and there has, therefore, been negligible inflow of reserves. The political directive under which the authorities have been acting is to avoid both any major purchases of dollars and any significant appreciation in the sterling rate. Both the exchange controls announced over the weekend and yesterday's Bank Rate reduction were designed to reconcile these two objectives.

The exchange controls do not apply to the sterling area; and both for this reason, and because of the inevitable leak-

ages, it was decided to supplement them with a direct interest disincentive.

The measures are to a large extent precautionary. Since sterling began its controlled float there has been very little upward pressure on the rate. There have, however, been worries that a number of economic indicators, such as yesterday's reserve figure or the second quarter balance of payments due shortly, would give a deceptive impression of the long-term strength of sterling and thereby attract funds to this country.

### Domestic position

Meanwhile one must not overlook the domestic implications of the Bank Rate reduction. The Chancellor's fiscal stimulus is far too recent for any verdict on its effects. On the other hand with a potential supply of credit exceeding the demand, a fall in interest rates would be natural and a Bank Rate cut is in a sense only following market conditions. At the same time a Bank Rate of 5 per cent is associated with real rates of interest which are in fact negative. It will be difficult to recede it permanently with an inflation rate in the range of 7-10 per cent. Either the inflation rate will have to come down further or interest rates must rise again.

Under the new-style monetary policy due to be introduced later this month, interest rates would not be so tied to Bank Rate. Monetary policy will be focused on the total money supply and interest rates will be much freer to reflect the changing demand for credit. Under these conditions the paradox would sort itself out. There might be some drop in interest rates during the interval before the present expansionist fiscal and monetary policy has had its effects. But in due course a rising demand for credit would push rates up again and an economically low level avoided during the upward phase of the cycle. The moral is that the sooner the new monetary policy comes into operation, and the less that interest rates are made a matter of political decision, the better. There are many who would argue that the same would apply to exchange rates as well.

## Coal becomes more competitive

THE National Coal Board's latest report covers the last of Lord Robens' ten years as chairman. Its optimistic tone provides a sharp contrast to the situation facing the industry a decade ago and is in many respects well justified. Thanks to high demand and a welcome spurt in productivity towards the end of 1970-71, the Board managed to make a large enough profit to cover interest charges and to leave a modest net surplus. This year the Board hopes to do at least as well, provided the miners' pay claim is settled on a reasonable basis this autumn.

True, the restoration of profitability owes a lot to the succession of increases in coal prices in the last two years. It is, for example, largely because the Board secured the biggest price increase in its history earlier this year that it now sees little difficulty in being able to abide by the GB call for a year of price restraint. However, higher coal prices reflect not only the present inflationary upsurge but also the change round in the fuel market. Fuel oil prices have risen so far that coal is now more competitive than for many years past, and this trend looks like continuing. Coal prices overseas have also risen rapidly, with the result that imports—which are now permitted for the first time in any quantity for 16 years—are generally more expensive.

### Efficiency

The coal supply position has also improved. After years in which the industry has been rapidly reduced in size, the point was reached last winter where coal suddenly became again in short supply. The prospects for this coming winter look better, thanks to imports and the special efforts that have been made during the present recession to rebuild stocks. Of more importance in the longer run, the end of retrenchment has worked wonders with

### Intervention

How long the Coal Board will be able to sustain this position of strength is another question. Perhaps the biggest problem, and certainly the most urgent one, facing Lord Robens' successor is political: for differing reasons, both the Government and Mr. Derek Ezra, the new chairman, are seeking to establish a new basis for relations between the Board and Whitehall. From the Board's side, the principal aim appears to be a much looser relationship, something that all other nationalised boards desire. Since the industry's capital expenditure is now running at only £50m.-£70m. a year, which could be financed entirely from depreciation and profits, the Board is hoping to dispense with additional Exchequer borrowing for its main activities and to raise privately any capital needed for its ancillary interests. At the same time it would like to convert half its capital debt into Public Dividend Capital, which dividends, rather than a fixed rate of interest, would be payable; and to retain—subject to certain disposals at opportune moments—all its present highly profitable ancillaries.

On all these points the Coal Board appears to have a strong case. But it is far from certain whether the Government will be willing to concede them—serious discussions on the question of "hiving off" are only just beginning. However, the Government's decisions on the structure of the steel industry proved to be far less doctrinaire than had at one time been widely feared, and the common sense approach could well yet be applied in the equally sensitive case of coal.

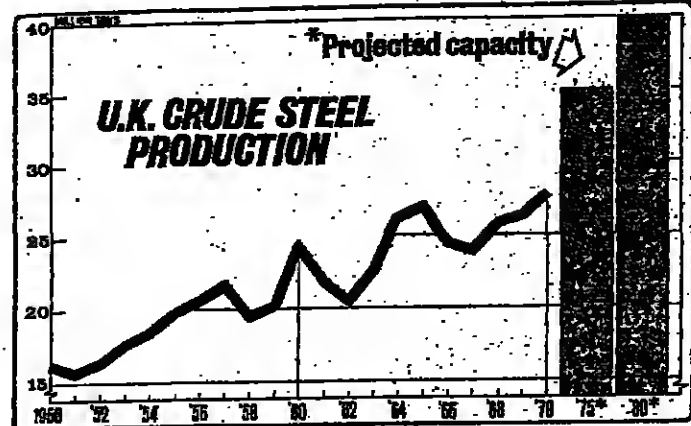
The economic and social argument surrounding the British Steel Corporation's long-term investment plans, which are being scrutinised by the Government

# The case for a giant steelworks

BY KEN GOFTON



"Basic oxygen" steelmaking at Port Talbot. A modern converter (the "cement mixer" being loaded in the picture) can produce about 300 tons of steel in 40 minutes, compared with the 10 hours taken by traditional furnaces.



The World's Largest Steelworks

	Present	1975	1980	Ultimate
Nippon Kokan, Fukuyama, Japan	10	15	20	25
Magnitogorsk, USSR	9.5	15	20	25
Krivoy Rog, USSR	—	12	16	20
Nippon Steel, Yawata, Japan	—	12	16	20
Sumitomo, Kashima, Japan	6.6	12	16	20
Kawasaki Steel, Chiba, Japan	9	10-12	14	18
Nippon Steel, Yawata/Tobata, Japan	5.7	10-12	14	18
Nippon Steel, Kitakyushu, Japan	4.5	10-12	14	18
Kawasaki Steel, Mizushima, Japan	—	10-11	14	18
Steel Co. of Canada, Hamilton	—	10-11	14	18
August Thyssen Hütte, Duisburg, W. Germany	10	expansion planned	10	10
Italsider, Taranto, Italy	4.5	10	10	10
Italsider, Reggio, Italy	—	10	10	10

Source: BSC

works is only one part—though use out of the best of the steel probably the most controversial works inherited as a result of—of the BSC's long-term investment programme, now being scrutinised in detail by the Government. According to the Corporation, it may require a steelmaking capacity of 35m. tons by 1975 and 40m. tons by 1980. Between 1972 and 1981 it expects it will need some £4,000m. at 1971 prices—the main items being £3,000m. for fixed investment in the U.K., £450m. for investment overseas (mainly in iron ore or coking coal projects), and £250m. additional working capital.

Ahead of the "green field" works, for instance, the Corporation would hope to build a so-called "brown field" works. That seems to be the term for something not quite as ambitious as a completely new works, built next door to an existing plant and sharing some of its facilities. The choice of site for this development—if it is allowed to go ahead—seems to have fallen on Redcar, on the Yorkshire coast, where the BSC has said that it is examining the prospects for a 6m. ton complex, a venture likely to cost about £600m.

Overall, the programme is intended not only to increase capacity, but also to improve the economics and quality of U.K. steelmaking by replacing outdated equipment. As a result, there is some flexibility about the most appropriate moment to close a particular steelworks and introduce new plant.

By far the greater part of the £4,000m. budget comes on top of the Corporation's "make-do-and-mend" programme initiated in 1969 under which the BSC is attempting to get maximum

use out of the best of the steel works inherited as a result of—of the BSC's long-term investment programme, now being scrutinised in detail by the Government. According to the Corporation, it may require a steelmaking capacity of 35m. tons by 1975 and 40m. tons by 1980. Between 1972 and 1981 it expects it will need some £4,000m. at 1971 prices—the main items being £3,000m. for fixed investment in the U.K., £450m. for investment overseas (mainly in iron ore or coking coal projects), and £250m. additional working capital.

Anchor scheme at Scunthorpe, designed to take advantage of the huge blast furnaces in the town by welding together three existing steelworks. Three 300-ton converters will replace a varied collection of furnaces, and new rolling mills and a continuous casting plant are being laid down. As a result the capacity of the works will be raised from 2.6m. to 4.4m. ingot tons, with the possibility of further increases later to 6.75m. tons, making it the largest works in the U.K.

Some critics, the BSC admits, have suggested that the Anchor scheme should never have got off the drawing board. Like Ravenscraig and Llanwern, it suffers from not being on the coast, which means unnecessary handling of the ore. And although some of the Scunthorpe blast furnaces (the reason for going ahead in the first place) are among the best in the country, they fall short of today's technology.

Anchor was approved for a number of reasons. The basis for it existed within United Steel before nationalisation, which meant that when the BSC decided that it wanted extra capacity quickly a scheme was there which needed relatively little modification. It was also, claims the BSC, the cheapest way of getting that extra capacity, at a time when money was particularly hard to come by. The trouble is that by putting in so much extra capacity at Scunthorpe, BSC may have weakened its case for building new and more efficient works elsewhere.

Bulk steel production has not been a particularly profitable

Corporation plan to share in new works on the Continent.

Instead of a "buga" green field "development," the Corporation might favour another "brown field" venture, say at Port Talbot. If the Government does give its support to a completely new works, with it being located according to commercial considerations—which might suggest a coastal site anywhere round the southern half of the country—or political needs? From the business point of view, the closer the works to its customers in the Midlands, the South, and the Common Market, the better. On the other hand, there is Scotland's unemployment problem—and steel, in spite of the greater productivity of modern plant, can absorb a lot of labour.

Improved productivity and lower costs per ton may even be an illusion. An article in Fortune earlier this year, analysing U.S. experience, pointed out that "the cost savings produced by capital spending—perhaps \$5 or \$6 per ton of steel since 1965—have not generated enough cash to pay the fixed charges (mainly interest and depreciation) brought on by the investments themselves." A factor to keep in mind (with the BSC currently struggling along in a depressed market) is that modern, capital-intensive equipment demands a higher degree of utilisation to pay its way.

It could be argued, for instance, that with U.K. iron ore being only low-grade, and with coking coal resources running low, steelmaking on a large scale is an expensive exercise Britain could well abandon. The money could be invested in something more profitable, and the country could import its steel needs from lower-cost producers.

That is a solution unlikely to appeal either to the British Steel Corporation or the Government, the latter with an eye both on strategic considerations and the balance of payments. Obviously, there is a range of compromise solutions, from being largely self-sufficient to deliberately pursuing a policy of meeting home needs and having surplus capacity for export markets, as Japan has done. The BSC's intention is to maintain its share of world trade.

Several other issues arise. It is quite possible that the Government will defer the plans for a "green field" steelworks in view of the huge leap in capacity which it would represent. The BSC, ideally, would like a foreign partner in a "green field" venture, but there seems little prospect at the moment of any European company being interested in building here, and the British trades unions have made clear their lack of enthusiasm for any

Just as the British Steel Corporation was anxious to have good reason to have the question of steel industry ownership finally taken out of the debating arena, so it now wants confirmation of its long-term investment plans as a matter of priority. It could hardly be expected to welcome an inquiry on the lines of the Roskill Commission.

However, the Roskill Commission report at least had the merit that it presented all the facts, and when its recommendation of Cublington was overruled by the Government in favour of Foulness, it was possible to put a price on a political decision. When BSC's future investment plans come up for decision, the economic and political basis of the final choice should be equally public.

## MEN AND MATTERS

Mad is rich

There was a 235-pound (that's over 20-stone) American with a bushy grey beard and long grey locks reclining on one elbow on the pavement of Portman Square in London yesterday, carrying a placard saying "Mad is mad." But Mr. William Gaines is quite sane enough to have made a million or more (dollars that is) from selling control of his "Mad" magazine about 10 years ago, since when he has stayed on as the salaried publisher of this odd publishing phenomenon, which carries no advertising and makes lampooning (of films, advertisements, other magazines) its stock-in-trade.

Gaines first took over his father's comics business in the late 1940s, and published nine horror and science fiction comics with titles like "Tales from the Crypt" and "The Vault of Horror." The sort Winston Churchill didn't like. It was Mr. Gaines who used to wave around. They wanted a tenth comic, and hit on the idea of Mad, which now sells about 1.8m. copies in the U.S. and another 60,000 in the U.K., plus Swedish, Finnish, Danish, Norwegian, German and Dutch editions. For some reason the French edition flopped (not sophisticated enough for the Gauls?) and the Spanish edition "doesn't do so well" either. The main readership is in the 16-17 age group. Why no ads? "You can't lampoon a Pepsi ad and take a Coke ad," says Gaines, who arrived in London yesterday with 20 of his contributors on the annual Mad junket, this year taking in London, Moscow, Leningrad and Amsterdam, at

a cost to Mad of \$30,000. The trips are a way of attracting contributors who could earn a lot more doing something else with their time—most work in the media business somewhere.

After a series of take-overs, Mad is now a subsidiary of Kinney National Service, Inc., which owns Warner Brothers film studios, record companies, funeral parlours, and other comics like Superman and Batman. The big-eared boy Alfred whose face keeps turning up in Mad has been the subject of a law suit over copyright that went to the U.S. Supreme Court, and caused Gaines to trace Alfred back to the 1890s, when the head appeared on a nickelodeon slide advertising a painless dentist.

Gaines spends his money, he says, on travel, food, wine—"I have a modest cellar in my 25th storey apartment"—and Zeppelins—"a tough bobby because there are no Zeppelins." But his next task is to shed weight—"I aim to lose 100 lbs."

### Bankers' bane

The application of high pressure American efficiency methods is throwing a heavy strain on the health of bank officers, claims the New Zealand Bank Officers' Guild. Bank staff are to-day being subjected to "an endless barrage of circulars, new systems, seminars, promotions, schemes, work improvement schemes, projections and indoctrination courses," and for many the strain has become too much, claims the general secretary of the Guild, Mr. D. R. Lennon. The cumulative anxiety caused by these methods has caused many New Zealand bank officers breakdowns in health. Some officers have actually died from overwork, claims Lennon. U.K. bank staff, watch out.



From debts to dice

There is a certain gentle irony about finding a man from Cork, Guile, the firm of accountants best known for its work as receivers and liquidators, heading up a new company to run a push gambling casino in London's Mayfair. But Mr. Norman Barrington Cork, brother of Mr. Kenneth Cork, the senior partner of Cork, Guile, has been associated with gaming ever since he went to Malta in 1957 and suggested they started a casino to attract tourists. Mr. Dom Mintoff was Prime Minister of Malta at that time also, and backed the idea, and Cork became chairman of the new Dragonara Palace Casino there.

"The service chiefs said, 'Thursism—this is a fortress and we had to combat that,' says Cork. The Dragonara is now owned by the Ladhroce subsidiary, Karsall, where Cork is deputy chairman.

Cork's other connection with gaming came through Vydra Restaurants, of which he was chairman. This had the Normandy Sporting Club and the River Club, then run by Captain Len Ponte, who is one of the partners in the new Mayfair venture. The other partner is boxing promoter Mr. Jack Solomon. Cork has no shares, but will again be chairman of the company running the casino. "We have all been highly vitiated by the Gaming Board," says Cork.

Cork has become quite an authority on tourism. He advised the Turkish Government on how to set up a casino in Istanbul (it proved uneconomic) and visited Cyprus. He is also chairman of a new company called Golf International, which aims to meet the travel, insurance and other needs of golfers. But he is still also immersed in the main Cork, Guile activities of receivership and reconstruction of companies.

### Hic

A reader and his wife recently bought identical numbers of shares in Bullmers, the cider company, and the other day they got their dividend slips, which read:  
 Husband: gross £3.75, less income tax £1.46, Net £2.29.  
 Wife: gross £3.75, less income tax £1.45, Net £2.30.  
 The reader wonders if this is a case of sexual discrimination, or simply that the computer had drunk too much cider.

Observer

On September 13th the City will move to Kensington

More precisely Olympia. For there, from September 13th to 17th, the First Financing for International Trade and Export Services Exhibition and Conference takes place. The list of exhibitors covers both the great city names and a broad range of related organisations. Together they will make the exhibition a unique demonstration of London as the centre for world trade promotion. Linked with the exhibition will be a four-day conference covering such themes as the role of merchant banks and future developments in export finance.

Send now for ticket information and details of the conference fees and programme to:  
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LIQUEFIED NATURAL GAS

# Moving into the energy gap

BY ADRIAN HAMILTON

After several years of planning, problems and some considerable financial loss on individual schemes, the international trade in liquid natural gas at last looks like taking off in a major way.

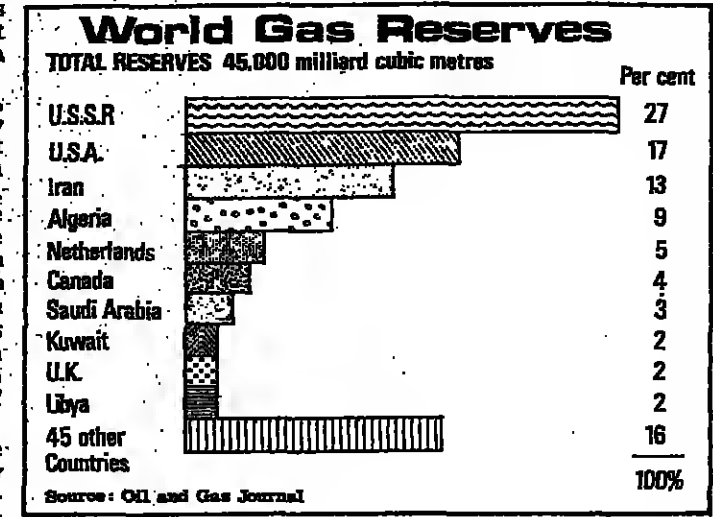
Esso has been allowed to start shipments of LNG from Libya to France and Spain, while the Algerians will be beginning a gas export scheme to France at the end of the year. In the U.S., the Federal Power Commission appears to be opening the way for a considerable import of Algerian gas to the East Coast, and at the end of next year, Shell will start one of the world's largest LNG projects when it begins shipment of gas from Brunei to Japan.

## For storage

By the end of the decade, total world movement could well amount to over ten times the present level of 650m. cubic feet a day. By the middle of the 1980s the figure could have reached some 30,000m. cubic feet a day, of which half will probably be going to the U.S. and the rest to Japan, Europe, and other parts of the industrialised world.

This rapid emergence of LNG as a bulk form of international energy has come after less than a decade of development. At the start, liquefaction of gas was primarily aimed at converting natural gas supplies into an easily-storable form to meet peak winter demand. The first international shipments only started when the Gas Council and the Conch Methane group of pioneers set up a small scheme to deliver about 100m. cubic feet

a day of LNG from Algeria to Japan, where natural gas had certain advantages on pollution grounds. LNG could command high prices; but when transported in bulk over long distances, LNG was uncompetitive with either indigenous gas or alternative fuels in the major oil producing areas of the Middle East and Africa. A number of countries with sizeable gas reserves are now concerned



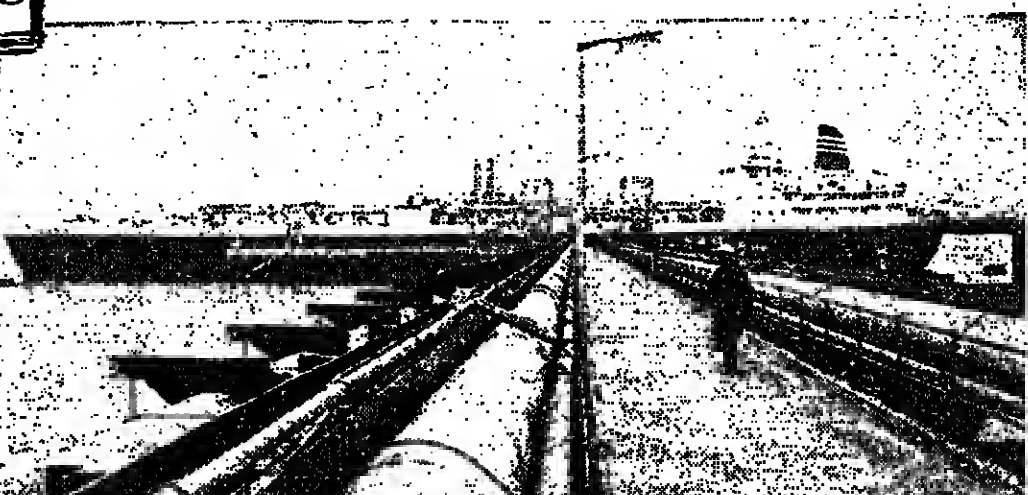
at over 7 cents a therm, for about the ability of indigenous supplies to meet the growth in price for North Sea gas of 2.57 cents, the delivered cost of the alternative.

The energy crisis of the last 18 months has done much to alter this picture. Energy, far from being in surplus, has entered an era of fairly tight supply and almost every major industrial country is now looking

for ways to ensure against shortages. Of the total oil and gas reserves in the world, about one third are in the form of natural gas, which has yet been little exploited, in the major oil producing areas of the Middle East and Africa. A number of countries with sizeable gas reserves are now concerned

Similarly in Europe, almost all production from the giant Groningen field in Holland is now committed until 1990. Recent off-shore discoveries in the Adriatic are small compared with Europe's total needs and, while the massive projects to import piped gas from Russia will do something to fill the gap later in the decade, neither the Russians nor the importing countries appear willing to expand these too far.

Not only concern about future energy sources but the rapid rise in the cost of alternative fuels has boosted the prospects for LNG. Fuel oil has gone up in price by as much as 50 to 70 per cent in the past year, while natural gas has gained an increasing premium in the industrial markets because of its cleanliness and flexibility as a fuel. The production of synthetic natural gas from coal is still felt to be



Methane Princess, owned by Conch Methane Tankers and contracted to the Gas Council, discharging at the Council's Canvey Island terminal. She and her sister ship make 60 round trips a year from Algeria to Britain to deliver a total average annual liquid gas cargo of 700,000 tons.

some years away and, even when the technology is fully developed, the price is unlikely to be less than 10 cents per therm at the minimum.

As for LNG, Shell concluded its Brunei-Japan contract at a price of 4.86 cents a therm; projects to ship gas from further afield to Japan in the mid-1970s are now being quoted at nearly double this figure. Equally, the price of imported LNG on the U.S. east coast, previously calculated at around 5 to 6 cents per therm, could well rise to 8 to 9 cents, perhaps more, by the second half of the decade.

Nonetheless, this makes massive international movement of liquefied gas over large distances a great deal more realistic, particularly to the U.S. where the demand will be greatest. The various U.S. Government agencies and the staff of the Federal Power Commission have already approved the idea of the first stages of the El Paso Natural Gas Company's project to import an eventual total of 1,500m. cubic feet a day of Algerian gas.

All this is very far from making LNG the glamour fuel of the seventies. The enormous capital expenditure involved in U.S. schemes is likely to limit its development for some time. Nigerian LNG. Some major while the problems of Libyan schemes have also been re-searched for shipping gas from Venezuelan shipments to the

## Major role

Natural gas discoveries in countries such as Trinidad, which might have been considered uneconomic a decade ago, are now capable of development for export; while the enormous reserves of gas associated with oil in the traditional producing countries of the Middle East now have economic value in their own right. Within the next few years, Borneo could well be earning more from its gas than from its oil, as might Algeria by the end of the decade.

In a world increasingly hungry for energy, liquid natural gas is at last beginning to play a major part in bringing new fuel resources into play and transporting them to where they are most needed.

## Labour News

### BAC snub likely for 'redundancy team'

BY MICHAEL HAND, LABOUR CORRESPONDENT

The British Aircraft Corporation made it clear yesterday that it is unlikely to deal with the unofficial union redundancy committee set up at Filton (Bristol) and Fairford (Glos.) despite the decision by workers to ban overtime which could affect the Concorde—until it is recognised. The committee was formed several weeks ago to co-ordinate action among the 17 unions with members at the two establishments in anticipation of a further 1,200 redundancies at five BAC plants.

A spokesman for the company said yesterday that it saw no reason for superseding the existing well-established and agreed staff and works negotiating procedures. On Wednesday, there was a unanimous vote at a mass meeting at Filton to ban overtime in all departments until recognition was given to the committee, which wants the company to stay in its hand until there have been talks aimed at maintaining the labour force at its present level. It was given a mandate to resist the redundancies.

To-day, on the initiative of the West of England Engineering Employers' Association, there will be a meeting between the association, the BAC management and the unions to discuss the redundancy crisis. The individual workers involved will also be notified by day, although they will not receive their dismissal notices until later—to take effect from the end of October.

Union officials in Bristol claimed last night that the figure of 450 redundancies announced for Filton and Fairford was misleading. They said the cut-back was more likely to be more than 550 when the number of employees being asked to retire early was taken into account. The other BAC establishments where reduced orders will mean dismissals are Weybridge and Witley in Surrey, and Hurn near Bournemouth. Workers at Weybridge have said they will ban overtime unless some of the threatened jobs there are saved.

### Foundry walkout

An iron foundry at Dudley, Staffs, was at a standstill yesterday following a walkout by more than 300 workers over a pay claim. The men, at the M. and W. Grangebrook works are members of the Amalgamated Union of Engineering Workers and the Transport and General Workers. They meet again to-day.

### Pay rally

Farm workers from all over Britain will rally in Trafalgar Square on October 16 to back the National Union of Agricultural Workers' claim for an £18, 40-hour week. Basic pay is now £14.50 for 42 hours.

### SHORT TIME AT SCOTTISH PLANT

Due to a fall in orders the Iridia Tyre factory at Inchinnan, Renfrewshire, is to put 750 production workers on short-time. A further 20 will be made redundant. Other labelling news: Page 27.

### SURVEYS NEXT WEEK

- Industrial Property Monday, September 6
- Woodenware, September 8
- Wednesday, September 8
- Wednesday, September 8
- Thursday, September 9
- Thursday, September 9
- Friday, September 10
- Friday, September 10
- Saturday, September 11
- Saturday, September 11

## Two construction industry chiefs back British entry

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

LEADERS of two of the U.K.'s largest construction companies from Britain to Europe. He decided that entry would lead to any further loss of sovereignty and claimed that the U.K. had been held back in the past by sterling crises, declining preference in Commonwealth markets and heavy defence expenditure overseas. Sir Frederick maintained that British management had done well in areas where it had operated on equal terms. "Our giant multi-national companies and our merchants and bankers, all of whom operate across frontiers, are second to none."

Immediate "Even our manufacturing industry which has borne the full brunt of stop-go, exports a bigger proportion of its production across tariff barriers than any major industrial country, including the U.S., Germany and Japan."

Sir Frederick suggested that the U.K.'s construction industry would benefit, along with other industries, from entry. He pointed out that a lot of extra industrial capacity in a hurry. All the building industry's skills in planning and procurement would be stretched to the full and it would have to use all the resources of mechanisation it could muster.

Mr. Taylor said he believed that the most immediate effect of EEC membership would be felt among companies with large property interests. British property developers would bring a wealth of experience to the European scene, he claimed. British methods of creating self-contained new towns and of providing new industrial estates could also be of great assistance.

## Shipping conferences to adjust dollar freight tariffs

BY JAMES McDONALD, SHIPPING CORRESPONDENT

SEVERAL international shipping conferences, whose freight tariffs are expressed in U.S. dollars, 6. The Association adds that the level of the charge will be kept under constant review. The 11 lines are: Blue Star, East Asiatic Company, Hamburg-Suedamerikanische Dampfschiff-fahrts-Gesellschaft, Eggert and Amsinck, Hapag-Lloyd AG, Cie des Messageries Maritimes, Koninklijke Nedlloyd NV, New Zealand Shipping, Port, Shaw, Seavill and Albion, Rederiaktiebolaget Transatlantic and Wilhelmsen. Similar arrangements apply to shipments from Scandinavian ports.

But the four British lines forming the New Zealand Conference—within the larger New Zealand European Shipping Association—New Zealand Shipping, Shaw Seavill, Blue Star and Port Line, will apply a currency adjustment charge of only 2½ per cent from September 6 and then only if customers pay

freight on shipments from U.K. ports in a currency other than sterling. It is understood that the Continental lines within the New Zealand European Shipping Association—the Germans and the Dutch in particular—believe themselves to be hardest hit by the devaluation of the dollar since most of their payments are made in this currency. British lines are usually paid in sterling.

Another conference—the East African—has also announced that as from Monday a "currency adjustment factor" of 3.4 per cent will be applied to the U.S. dollar freight shown on the freight account before conversion is made to local currency. This conversion will apply in both directions. A similar announcement has been made by the U.K.-Sudan shipping conference but in this trade the "currency adjustment factor" is 2.5 per cent.

## Warning of new problems for Clyde social workers

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

PROMINENT Clydeside social workers and heads of social work departments warned here to-day of already hard-pressed social services being stretched beyond acceptable limits if the Upper Clyde collapse leads to large-scale redundancies. On the second day of the inquiry sponsored by the Scottish TUC, the chairman of Glasgow North and South Social Workers' Association (covering the whole of Clydeside) presented a memorandum which states categorically that "people with time on their hands inevitably increase the pressure on hospital social work departments and those of health and employment."

"Any attempt to meet such demands is going to lead to a lowering of the quality of service," it says. The long-term impact of unemployment was no less menacing, were given by the director of social work, Mr. Charles Kirk. He expected financial help towards paying rents, gas, electricity, etc., to double in the current year and the number of families receiving help, about 2,500, to rise by a further 1,000.

## EEC: Wilson to tell Europe

BY PHILIP RAWSTORNE

MR. HAROLD WILSON yesterday flew to Salzburg to explain to European Socialist leaders his pro-market campaign, in advance of the reasons for the Labour Party's opposition to a meeting at Caxton Hall, London, where Lord George Brown will be the main speaker. It will be the first time that Mr. Wilson has met leaders of the European socialist parties since the Labour Party's National Executive voted decisively against membership of the EEC on the terms negotiated.

A number of European Socialist leaders are reported to have been dismayed and angered by the Labour Party leadership's attitude to the Common Market. He will make one of the introductory statements at a conference of the Socialist International, called to discuss the state of European integration, on the terms negotiated.



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# COMPANY NEWS + COMMENT

## BET tops £19m.: meets 20% forecast

GROUP PRE-TAX profit of The British Electric Traction Company increased from an adjusted £18.07m. to £19.04m. in the year to March 31, 1971, after £18.52m. against £17.77m. for the first half. The final dividend is the forecasted 12½ per cent. on capital increased by the issue of 4,900,818 shares of 25p. against the outstanding minority interest in Boulton and Paul. This lifts the total to 20 (18½) per cent.

The results include for the first time the BET group's share of the profits of its associated companies. The group's share of the charge for tax and of the interests of minority holders in associated companies have also been consolidated. The comparative figures of the previous years have been adjusted so that they are comparable.

The profit attributable to BET of £9,032,007 (£8,177,837) includes £1,725,534 (£1,689,051) in respect of associated companies.

BET is the holding company of a group with a wide range of interests, including a substantial portfolio of general investments.

Meeting, Connaught Rooms, WC, Oct. 14 at 12.15 p.m.

● comment

Since BET's major subsidiary, Rediffusion, was down about £200,000 pre-tax, while Humphries Holdings suffered a £700,000 turnaround into losses, the £1.7m. improvement by the group as a whole implies that the contribution from elsewhere was getting on for £2m. higher. Boulton and Paul was a major influence here, with a substantial £900,000 gain, while there was some £200,000 more from Advance Laundries—another quoted subsidiary—and probably a rather better result in various unquoted offshoots like Murphy Brothers in opencast mining. The upshot is that earnings were boosted by a share of the profits of associated companies of £6.5p to 7.3p a share, calculated on the pre-increase capital allowing that the acquisition of the Boulton and Paul minority came too late to raise attributable profits very much. On a p/e of 15.5 at 116p the shares remain a solid if unexciting proposition.

Ashe Chemical ahead

REPORTING an increase from £165,000 to £190,000 in first half group pre-tax profits, the directors of Ashe Chemical are lifting the interim dividend from equal to 7½ per cent. to 10 per cent. for the year 1971. Last year total equivalent was 18½ per cent.

Subject to unforeseen circumstances, the future is viewed "with the same confidence expressed in past years". The directors have already forecasted another record year. Due to seasonal factors, second half profits normally exceed those of the first—the figure for all of 1970 was £498,636.

After tax of £78,000 (£63,000) the first half net profit was up from £100,000 to £114,000. Cost of the interim dividend is £34,146 (£23,100).

● comment

Now over the bicup caused by the cyclamates ban Ashe Chemical appears to have settled into its main problem in 1971. It has routine growth trend, with first-half profits 15 per cent. to the will be the prime factor in good. The improvement has come determining the 1971 result as a from most product areas while whole.

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Caird	22	5	Howard (H. R.)	20	3
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The Oke Laboratories acquisition has more than filled the hole left by the sale of the animal food business. Rising costs, however, have continued to be a problem but Ashe looks to have kept abreast of the situation by more automation and less sizes in more product lines. With further automation planned, margins are unlikely to show much deterioration which given the current level of demand implies profits for 1971 of well over £600,000 pre-tax. But with the shares on a historic p/e of about 22 at 43p Ashe certainly needs to come up with something big.

## Geo. Kent on the U.S. measures

TAKING the most pessimistic view, George Kent, the industrial instrument manufacturers, could lose some £100,000 of trading profit from the recent U.S. economic measures, reported chairman Mr. John G. Vaughan at the annual meeting.

Mr. Kent pointed out that last year's problems with the Cambridge instrument business arose as a direct result of a shortage of orders for electron microscopes and allied equipment.

"This year to date the order position has been very buoyant and as of yesterday our management in the U.S. anticipate that orders will be maintained at the planned level for the remainder of the year," said Mr. Vaughan.

This view was based on the assumption that, while there might be some prejudice against a British product, any resultant disadvantage would be at least offset by a greater prejudice against the Japanese product which, to the present time, had taken about 30 per cent. of the American market, he added.

● comment

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Quick Group's downturn

PRE-TAX profits of the H. and J. Quick Group of main Ford dealers fell from £130,829 to £93,073 in the first half of 1971.

The interim dividend is held at 10 per cent.—the total in 1970 was 22½ per cent. paid from pre-tax profits of £210,592.

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York Water  
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operations to  
provide a more  
efficient service  
to its customers.

ECURELIA  
Eurelia Investments  
Limited has announced  
that it will be  
restructuring its  
operations to  
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efficient service  
to its customers.

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# Selection Trust seeks Agnew answers

BY KENNETH MARSTON  
LATEST drilling of the Selection Trust's Agnew nickel prospect at about 20m tons with a grade of about 2 per cent, one might now assume a rather larger tonnage but with a somewhat lower grade. The share market regarded the drill results coolly as being encouraging but not wildly exciting. Selection Trust raised from 60p to close unchanged on the day at 60 1/2p while CAST rose 7p up at 21 1/2p after 20 1/2p. The previous results were announced in July the share price jumped to 70p and 70 1/2p respectively. Selection Exploration, which now has a 20 per cent stake in Agnew, closed unchanged at 7 1/2p yesterday.

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Higher values have come from the 2.145 feet stage in deep No. 14. The drill also cut through a large zone of 2.000 feet still in mineralisation at 2.350 feet when the practical operating limit was reached. Whether the ore is thick enough to justify a change of direction in the orebody remains to be seen. But it is pointed out that the hole is still showing that mineralisation extends to a vertical depth of at least 2,000 feet in this particular location. One might also hazard an opinion that taken in conjunction with the other results, it suggests that Agnew has the makings of an open-pit operation down to, say 800 feet, with an underground mine below.

But the main questions to be answered are the size and shape and positioning of the rather irregular orebody. Until the answers are known, no estimate of its true width and thus of ore reserves can be made. However, on the basis of the "best estimate" of the orebody, the company is to carry out further work on prospecting licences covering more than 500 square miles held by the company in the Agnew area. The company is to carry out further work on prospecting licences covering more than 500 square miles held by the company in the Agnew area.

## BIDS AND DEALS

### UDS comes back for Henry

JUST 24 hours after Great United Stores entered the bid of the equity, Henry is now faced with the question of whether to accept the offer or not. The bid is for 100 shares at 100p each, a total of 100,000 shares. The bid is for 100 shares at 100p each, a total of 100,000 shares. The bid is for 100 shares at 100p each, a total of 100,000 shares.

## RECENT ISSUES

### EQUITIES

Stock	Price	Change
75 P.P.	59 1/2	+ 1/2
76 P.P.	11 1/2	+ 1/2
77 P.P.	20 1/2	+ 1/2
78 P.P.	20 1/2	+ 1/2
79 P.P.	20 1/2	+ 1/2
80 P.P.	20 1/2	+ 1/2
81 P.P.	20 1/2	+ 1/2
82 P.P.	20 1/2	+ 1/2
83 P.P.	20 1/2	+ 1/2
84 P.P.	20 1/2	+ 1/2
85 P.P.	20 1/2	+ 1/2
86 P.P.	20 1/2	+ 1/2
87 P.P.	20 1/2	+ 1/2
88 P.P.	20 1/2	+ 1/2
89 P.P.	20 1/2	+ 1/2
90 P.P.	20 1/2	+ 1/2
91 P.P.	20 1/2	+ 1/2
92 P.P.	20 1/2	+ 1/2
93 P.P.	20 1/2	+ 1/2
94 P.P.	20 1/2	+ 1/2
95 P.P.	20 1/2	+ 1/2
96 P.P.	20 1/2	+ 1/2
97 P.P.	20 1/2	+ 1/2
98 P.P.	20 1/2	+ 1/2
99 P.P.	20 1/2	+ 1/2
100 P.P.	20 1/2	+ 1/2

### FIXED INTEREST STOCKS

Stock	Price	Change
101 P.P.	20 1/2	+ 1/2
102 P.P.	20 1/2	+ 1/2
103 P.P.	20 1/2	+ 1/2
104 P.P.	20 1/2	+ 1/2
105 P.P.	20 1/2	+ 1/2
106 P.P.	20 1/2	+ 1/2
107 P.P.	20 1/2	+ 1/2
108 P.P.	20 1/2	+ 1/2
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195 P.P.	20 1/2	+ 1/2
196 P.P.	20 1/2	+ 1/2
197 P.P.	20 1/2	+ 1/2
198 P.P.	20 1/2	+ 1/2
199 P.P.	20 1/2	+ 1/2
200 P.P.	20 1/2	+ 1/2

### "RIGHTS" OFFERS

Stock	Price	Change
201 P.P.	20 1/2	+ 1/2
202 P.P.	20 1/2	+ 1/2
203 P.P.	20 1/2	+ 1/2
204 P.P.	20 1/2	+ 1/2
205 P.P.	20 1/2	+ 1/2
206 P.P.	20 1/2	+ 1/2
207 P.P.	20 1/2	+ 1/2
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219 P.P.	20 1/2	+ 1/2
220 P.P.	20 1/2	+ 1/2
221 P.P.	20 1/2	+ 1/2
222 P.P.	20 1/2	+ 1/2
223 P.P.	20 1/2	+ 1/2
224 P.P.	20 1/2	+ 1/2
225 P.P.	20 1/2	+ 1/2
226 P.P.	20 1/2	+ 1/2
227 P.P.	20 1/2	+ 1/2
228 P.P.	20 1/2	+ 1/2
229 P.P.	20 1/2	+ 1/2
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236 P.P.	20 1/2	+ 1/2
237 P.P.	20 1/2	+ 1/2
238 P.P.	20 1/2	+ 1/2
239 P.P.	20 1/2	+ 1/2
240 P.P.	20 1/2	+ 1/2
241 P.P.	20 1/2	+ 1/2
242 P.P.	20 1/2	+ 1/2
243 P.P.	20 1/2	+ 1/2
244 P.P.	20 1/2	+ 1/2
245 P.P.	20 1/2	+ 1/2
246 P.P.	20 1/2	+ 1/2
247 P.P.	20 1/2	+ 1/2
248 P.P.	20 1/2	+ 1/2
249 P.P.	20 1/2	+ 1/2
250 P.P.	20 1/2	+ 1/2
251 P.P.	20 1/2	+ 1/2
252 P.P.	20 1/2	+ 1/2
253 P.P.	20 1/2	+ 1/2
254 P.P.	20 1/2	+ 1/2
255 P.P.	20 1/2	+ 1/2
256 P.P.	20 1/2	+ 1/2
257 P.P.	20 1/2	+ 1/2
258 P.P.	20 1/2	+ 1/2
259 P.P.	20 1/2	+ 1/2
260 P.P.	20 1/2	+ 1/2
261 P.P.	20 1/2	+ 1/2
262 P.P.	20 1/2	+ 1/2
263 P.P.	20 1/2	+ 1/2
264 P.P.	20 1/2	+ 1/2
265 P.P.	20 1/2	+ 1/2
266 P.P.	20 1/2	+ 1/2
267 P.P.	20 1/2	+ 1/2
268 P.P.	20 1/2	+ 1/2
269 P.P.	20 1/2	+ 1/2
270 P.P.	20 1/2	+ 1/2
271 P.P.	20 1/2	+ 1/2
272 P.P.	20 1/2	+ 1/2
273 P.P.	20 1/2	+ 1/2
274 P.P.	20 1/2	+ 1/2
275 P.P.	20 1/2	+ 1/2
276 P.P.	20 1/2	+ 1/2
277 P.P.	20 1/2	+ 1/2
278 P.P.	20 1/2	+ 1/2
279 P.P.	20 1/2	+ 1/2
280 P.P.	20 1/2	+ 1/2
281 P.P.	20 1/2	+ 1/2
282 P.P.	20 1/2	+ 1/2
283 P.P.	20 1/2	+ 1/2
284 P.P.	20 1/2	+ 1/2
285 P.P.	20 1/2	+ 1/2
286 P.P.	20 1/2	+ 1/2
287 P.P.	20 1/2	+ 1/2
288 P.P.	20 1/2	+ 1/2
289 P.P.	20 1/2	+ 1/2
290 P.P.	20 1/2	+ 1/2
291 P.P.	20 1/2	+ 1/2
292 P.P.	20 1/2	+ 1/2
293 P.P.	20 1/2	+ 1/2
294 P.P.	20 1/2	+ 1/2
295 P.P.	20 1/2	+ 1/2
296 P.P.	20 1/2	+ 1/2
297 P.P.	20 1/2	+ 1/2
298 P.P.	20 1/2	+ 1/2
299 P.P.	20 1/2	+ 1/2
300 P.P.	20 1/2	+ 1/2

## Blue Circle Aggregates

Blue Circle Aggregates, a subsidiary of Associated Portland Cement Manufacturers, is paying a second interim dividend of 4 per cent for the 18-month period ending December 31, 1971.

The group was formed by the merger last December of Dunlop and Son, and Blue Circle Aggregates, a subsidiary of APCM. A special interim of 4 per cent was paid in January on the old capital.

Group profit, before tax, for the six months ended June 30, 1971, amounted to £187,888, from a turnover of £3,343,696.

Surplus, for the six months ended December 31, 1970, was £171,000, before tax of £130,000. The special interim absorbs £16,882.

Cost of the merger with Willington Sand and Gravel Company, amounting to some £55,000, will be charged against group reserves.

Directors state that aggregate sales fell short of the forecast of 2,850,000 tons by 354,000 tons. They explain this is symptomatic of trading conditions in the West Midlands where the group has been faced with probably the worst recession experienced since the end of the last war.

Nevertheless material progress has been made with integration of the two groups and by a combination of administrative economies and concentration of production, more reasonable gross margins have been established.

The re-organisation effected leaves the group equipped to meet "not only the requirements of today, but a highly competitive West Midlands market but also to match the needs of tomorrow," they declare.

## Charles Early & Marriott

PRE-TAX PROFITS OF £98,515, against a loss of £1,532, are reported by Charles Early & Marriott (Whitely) for the half-year to July 31, 1971, and the Board says the encouraging trend is continuing. Tax takes £40,000 (nil).

The interim dividend is held at 4 per cent. Previous total was 12 1/2 per cent paid from pre-tax profits of £172,214.

The company makes Witney blankets.

## DANL. T. JACKSON TO RAISE £24M. BY SHARE OFFER

SHAREHOLDERS in Daniel T. Jackson are told that the company hopes to get its shares quoted on or about October 5 following the merger with R. K. Francis and Co. and the acquisition of John Heaver (Holdings).

As a result of the two deals Jackson will be "a substantial group involved in property development and the supply of building materials in the south-east of England" and will change its name to Francis Parker, reports chairman Mr. J. H. Parker.

In addition to applying for a quotation, Jackson also proposes to make an offer for sale to the public of new Ordinary shares to raise about £22.5m.

The cash raised will help to repay most of the £2,309,818 used to acquire Heaver, Industrial and Commercial Finance Corporation has agreed to provide short-term facilities for this purpose and will also underwrite the offer for sale.

Following further negotiations, the consideration for the acquisition of Francis is £733,000 Jackson Ordinary and £150,000 cash.

After the mergers, Jackson expects pre-tax profits from the combined companies to be £920,000 of which £25,000 will be pre-acquisition and not available to the new group for distribution. Some £20,000, estimated as the interest on the loan stock funds, must also be deducted.

An interim dividend of 7 per cent has been declared by the Jackson directors and on the basis of the profits estimated for the period to March 31, 1972, Jackson (by then renamed Francis Parker) will pay a final of 12 1/2 per cent in about July 1972.

Mr. R. K. Francis has agreed to waive his right to 99 per cent of all dividends declared in respect of the period ending March 31, 1972, on the 8m new Jackson shares he will become entitled on the merger becoming unconditional.

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FT/F2

The Commercial Bank of Australia Limited			
(Incorporated in Victoria under the "Companies Act, 1960") and its Subsidiaries			
BOARD OF DIRECTORS			
T. L. Webb (Chairman)			
S. M. Kimpton (Deputy Chairman)			
H. F. Clarke F. S. Anderson, C.B.E. J. S. Baldarstone K. O. Humphreys S. C. G. Macindoe			
D. W. Strida (Managing Director) K. W. P. Marshall (General Manager)			
Consolidated Balance Sheet as at 30th June, 1971.			
(Expressed in Australian Currency)			
LIABILITIES		ASSETS	
Authorised Capital -	£ 6,000,000	Cash, Sullion, Notes and Cash at Bankers	£ 32,996,183
300,000 Preference Shares of £20 each	4,000,000	Money at Short Call Overseas	1,345,884
44,000,000 Ordinary Shares of £1 each	50,000,000	Australian Public Securities -	
		(a) Commonwealth and State -	£ 4,480,000
		(b) Other Securities	116,000,872
Issued and Fully Paid Capital -	£ 211,735	(c) Local and Semi-Governmental Authorities	
211,735 Preference Stock Units of £20	4,234,700	(i) Listed on Stock Exchanges	9,300,804
20,168,862 Ordinary Stock Units of £1 each	20,168,962	(ii) Not Listed on Stock Exchanges	84,922,310
		Other Public Securities	24,225,335
		Other Securities	7,















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vested today.  
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Group—English and  
certain points. It  
development will  
payers nothing  
ground rents—  
year to the council  
It also states  
of the equity and  
would benefit by  
in rates paid on  
The development  
more than 100,000  
exhibition space,  
small yacht moor  
Bournemouth per  
craft marina.  
The proposals  
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Bournemouth, the  
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## The developing story of Salisbury Square...

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Hammersons are now developing Fleet Bank House, a new office block in Salisbury Square, London, E.C.4. with a Queen-sized Chariot Pound.



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# Little interest before Labour Day

## MONEY + EXCHANGES

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NEW YORK, Sept. 2.

**BY OUR WALL STREET CORRESPONDENT**

LITTLE INTEREST was shown on Wall Street today, prior to the Labour Day holiday next Monday. One dealer described the market as "about as motionless as you can get. It looks like the week-end has already begun."

The Dow Jones Industrial Average finished up 900.83, and the NYSE All Common Index rose 14 cents to \$54.00, while gains led losses by 760-10-54. Trading volume decreased 90,000 shares to 10,699.

One analyst noted that there is likely to be some caution in the Stock Market until President Nixon spells out what he intends doing after the 90-day Wage Price Freeze.

News that the August Wholesale Price Index showed an accelerated advance from July was easily absorbed. Analysts noted the survey of Wholesale Prices was taken before the 90-day Wage Price Freeze began.

Building Related issues were strong on expectations of some benefit from the anticipated economic upturn and housing boom. Bonds cascaded gained \$1 1/2 to \$27 and Georgia Pacific improved \$1 1/2 to \$54.

Most Mobile Home stocks, which had good gains yesterday, were narrowly mixed. Fleetwood Enterprises was an exception, falling \$1 1/2 to \$52, on news that it was planning to sell 100,000 shares, after it gained \$2 1/2 the day in the wake of its 100 per cent. stock dividend announcement.

McConnell Douglas moved up \$1 1/2 to \$31 1/2, following plans to sell 175,000 shares of its common stock to West Germany for about \$750m.

Trans World Airlines slipped \$1 1/2 to \$31, on profit-taking. Among Blue Chips, Alcoa slipped \$1 1/2 to \$50, after Alcoa announced a 15 per cent. production cutback. Dupont gained \$1 1/2 to \$53 1/2.

In a mixed "Glamour" group, Bausch and Lomb jumped \$8 to \$147 1/2, but IBM declined \$2 1/2 to \$290 1/2. Dineen gained \$1 1/2 to \$115 1/2, and Burroughs were off \$1 1/2 to \$131 1/2.

At retail issues, there was little change, although Sears, Roebuck & Co. fell \$1 1/2 to \$27 1/2, after Sears reported increased August sales.

Motors were mixed. General Motors were off \$1 1/2 to \$53, after the American SE Index gained 9 cents to \$23.30 in a volume of 3.4m, 10.3m, 11 shares.

Devoe Apparel were lifted \$1 1/2 to \$12 1/2, and Puritan Fashion were up \$1 1/2 to \$17 1/2.

Western Union advanced \$1 1/2 to \$45 1/2, signed a new Labour Agreement with leaders of a striking New York Union.

In the Rail group, Northwest Industries added \$1 1/2 to \$32 1/2. Some Consumer Products firms again showed strength. Magnavox gained \$1 1/2 to \$53 and General

Electric rose \$1 1/2 to \$53 1/2, but Zenith dipped \$1 1/2 to \$50 1/2. Golds were strong in London, the higher gold price reflecting and buying usually tied to International monetary uncertainties. Dow Jones Industrial Average was up \$1 1/2 to \$54 1/2.

**OTHER MARKETS**

**Canada up again**

Canadian Stock Markets made further slight headway in light trading yesterday. Golds rose 1.31 on a bid. Base Metals 0.71. Papers 1.10. Base Metals 0.18 and Utilities 0.05. Western Oils, however, lost 0.94.

Distillers Grahams gained \$1 1/2 to \$66 and Bowers were up \$1 1/2 to \$73. Readers Digest advanced \$1 1/2 to \$73.

PARIS. Movements were fixed, with a consistent undertone, in very moderate trading. Metallurgicals were again strong, notably Chiers and Pompy.

Motors and Rubbers were little changed. Pochlain advanced in Engineering. Elsewhere Pechelny, Francaise des Petroles and Le Nickel each firm.

Play in Bonds rallied after higher Gold advanced. Siemens were well maintained in Germany. Dutch issues were barely changed, while ICI rose in British stocks as did Gevaert in Belgium. Dollar stocks were mixed.

GERMANY. Markets were mostly higher but below the best. Increased short covering followed the British Bank Rate cut.

Chemicals, in particular, Anilin rose DM12 and Bayer firm DM107, but Hoechst shed DM1. Siemens were slightly eased.

Banks were firm, and Hambroer further improved. Goldschmidt, Retgers and Luftwaffe were also firm spots.

BRUSSELS. Slightly lower in routine trading. Soňa, however, rose Frs30 and Solvay put on very moderate trading. Cockfield eased Frs18, but Arbed firmed Frs40. Petrofina were lowered Frs40.

STOCK AND BOND YIELDS

Industrial div. yield 3.25 2.52 1.80  
Price-earnings ratio 15.72 15.72 15.72  
Long-term Gov. Bonds 5.95 6.00 6.57

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**STOCKHOLM** — Sagging tendency. The Foreign sector, Dollar stocks moved irregularly lower, while Dutch shares closed steady.

**OSLO** — Banks were steady. Industrials barely steady and Shipping regular.

**VIENNA** — Slightly firmer. Banks and Insurances were little changed.

**COPENHAGEN** — Narrowly mixed with a majority of small financial issues.

**JOHANNESBURG** — Gold shares moved ahead strongly. The higher London bullion figure plus overnight net interest and U.S. money economist Edward Bernstein's call for dollar devaluation were factors aiding the rise in Gold Producers. A small amount of London buying was noted, but the market responded mainly to local buying together with a shortage of scrip.

Diamonds were also wanted. Platinums were higher. Industrials were narrowly mixed.

**TOKYO** — Market held its ground in fairly active trading—230m. (220m. shares).

Yen 13 at 296, and Chugai Pharmaceutical, which gained Yen 7 to 335 following demand on expectations that they might announce some cancer drug development at academic meetings this autumn.

Some Constructions were also active in anticipation of larger Government expenditures for Public Works. Kumagai-Gumi were Yen 26 higher at 830 and Okumura-Gumi went up Yen 32 at 410.

**AUSTRALIA** — Mines edged higher. Features of the market were generally well supported with many small gains, while Industrials were mixed.

In "heavyweight" mines, Bonanza rose 10 cents to \$2.35 and MIM rose 5 cents to \$3.31. Peko Waddell lost 10 cents to \$3.80.

Pancontinental closed firm at \$1.25, after \$1.23 on its uranium. Peko Waddell lost 10 cents to \$3.80.

Among Oils, Woodside finished 2 cents higher at \$1.25 and Vampas were firm at 36 cents, but Bridge slipped 1 cent to 34 cents.

**EUROPE**

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Bank Rate 5% (Sept. 2, 1971)

Credit was in free supply to the Discount market yesterday, and with the cut in Bank Rate from 6 per cent. to 5 per cent. added downward pressure on interest rates. Day-to-day loans were taken by Discount houses in the afternoon at levels down to 2 1/2 per cent. or so, even after the authorities had sold a very large amount of Treasury bills, to banks and Discount houses, in order to absorb surplus funds. Revenue transfers to the Exchequer exceeded Government disburse-

ments and there was a net Treasury bill take-up of about £100m. Carried an appreciable surplus over from the previous day.

A rate of 5 1/2 per cent. to 5 per cent. or sometimes 5 per cent. was bid for call loans to start, but the new clearing bank minimum of 3 1/2 per cent. was reached soon after the Bank Rate change, and some non-clearing balances were found in the afternoon at 2 1/2 per cent.

In the inter-bank market, overnight loans were around 5 1/2 per cent. in the earlier part, but fell away in the afternoon from 5 per cent. or so just after the Bank Rate move, with rates close to 2 per cent. recorded in some of the inter-bank market rates.

Rates in the table, those quoted after the Bank Rate move, in the case of night loans, where the day is given. Not usually shown are rates in some cases the rates are highly nominal.

**EXCHANGES AND BULLION**

Sterling touched \$2.4652-2.4650 or so at one point in the morning, and was quoted around \$2.4610 immediately ahead of the Bank Rate cut, following which it fell to \$2.4580, before recovering on the gold reserve news, and to \$2.4585-2.4585, against \$2.4585-2.4585, Forward exchange rates.

Gold was fixed at \$41.60 (\$2.4585) on the London market, the morning, and at \$41.57 (\$2.4585) in the afternoon. A moderate business was done, and the closing quotation was \$41.55, for a net gain of 25 cents. Among gold coins, new sovereigns rose 10 cents to \$10.40-10.60, and old 10s to \$12.50-12.70, while half Eagles hardened \$1 to \$2.92.

Turnover at the Bourse market was Frs3.4m. Hong Kong gold 65 U.S. cents an ounce, \$42.90.

**OTHER MARKET RATES**

Argentina 12.20  
Australia 12.20  
Brazil 12.20  
Canada 12.20  
France 12.20  
Germany 12.20  
Italy 12.20  
Japan 12.20  
Netherlands 12.20  
New Zealand 12.20  
South Africa 12.20  
Switzerland 12.20  
U.S. Dollar 12.20











# F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS		Thursday, Sept. 2, 1971		Wednesday, Sept. 1, 1971		Tuesday, Sept. 30, 1970		Monday, Sept. 29, 1970		Sunday, Sept. 28, 1970		Year ago (approx)		Since completion	
GROUPS & SUB-SECTIONS		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change
CAPITAL GOODS GROUP (184)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Aircraft and Components (3)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Building Materials (28)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Contracting and Construction (19)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Electric (excl. Rad. & TV) (13)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Engineering (80)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Machine Tools (15)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
Miscellaneous (25)		187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1	187.47	+1.1
CONSUMER GOODS (DURABLE) GROUP (56)		174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5
Electronics, Radio and TV (14)		174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5
Household Goods (15)		174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5
Motors and Distributors (27)		174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5	174.34	+1.5
CONSUMER GOODS (NON-DURABLE) GROUP (175)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Beverages (21)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Wines and Spirits (7)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Entertainment and Catering (15)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Food Manufacturing (24)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Food Retailing (17)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Newspapers and Publishing (15)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Packaging and Paper (18)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Stores (30)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Textiles (21)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Tobacco (3)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Toys and Games (6)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
OTHER GROUPS		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Chemicals (18)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Office Equipment (10)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Shipping (10)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
Miscellaneous (unclassified) (44)		166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7	166.24	+1.7
INDUSTRIAL GROUP (438 SHARES)		171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3
Oil (2)		171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3	171.62	+1.3
500 SHARE INDEX		165.36	+1.2	165.36	+1.2	165.36	+1.2	165.36	+1.2	165.36	+1.2	165.36	+1.2	165.36	+1.2
FINANCIAL GROUP (121)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Banks (6)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Discount Houses (6)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Hire Purchase (6)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Insurance (Life) (9)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Insurance (Composite) (9)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Insurance (Brokers) (11)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Investment Trusts (20)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Merchant Banks, Issuing Houses (14)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Property (31)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
Miscellaneous (9)		173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5	173.13	+0.5
ALL-SHARE INDEX (621 SHARES)		162.31	+1.0	162.31	+1.0	162.31	+1.0	162.31	+1.0	162.31	+1.0	162.31	+1.0	162.31	+1.0
COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices)															
Rubbers (10)		209.86	+1.8	209.86	+1.8	209.86	+1.8	209.86	+1.8	209.86	+1.8	209.86	+1.8	209.86	+1.8
Teas (10)		95.63	+0.5	95.63	+0.5	95.63	+0.5	95.63	+0.5	95.63	+0.5	95.63	+0.5	95.63	+0.5
Coppers (4)		52.14	+0.8	52.14	+0.8	52.14	+0.8	52.14	+0.8	52.14	+0.8	52.14	+0.8	52.14	+0.8
Mining Finance (11)		94.01	+1.4	94.01	+1.4	94.01	+1.4	94.01	+1.4	94.01	+1.4	94.01	+1.4	94.01	+1.4
Tins (8)		71.35	+1.1	71.35	+1.1	71.35	+1.1	71.35	+1.1	71.35	+1.1	71.35	+1.1	71.35	+1.1
FIXED INTEREST															
Consols 2 1/2% yield		9.08	9.10	9.11	9.12	9.13	9.14	9.15	9.16	9.17	9.18	9.19	9.20	9.21	9.22
20-yr. Govt. Stocks (6)		80.00	80.05	80.10	80.15	80.20	80.25	80.30	80.35	80.40	80.45	80.50	80.55	80.60	80.65
20-yr. Red. Debentures & Loans (15)		74.20	74.25	74.30	74.35	74.40	74.45	74.50	74.55	74.60	74.65	74.70	74.75	74.80	74.85
Investment Trusts Prefs. (15)		71.97	72.02	72.07	72.12	72.17	72.22	72.27	72.32	72.37	72.42	72.47	72.52	72.57	72.62
Commercial and Indust. Prefs. (20)		76.04	76.09	76.14	76.19	76.24	76.29	76.34	76.39	76.44	76.49	76.54	76.59	76.64	76.69

Section or Group		Base Date	Base Value	† Redemption yield.
Food Manufacturing		29/12/67	114.13	
Food Retailing		29/12/67	114.13	
Insurance Brokers		29/12/67	96.87	
Investment Finance		29/12/67	100.00	
Wines and Spirits		16/1/70	144.76	
Toys and Games		16/1/70	144.76	
Office Equipment		31/12/70	123.06	
Industrial Group		31/12/70	123.06	
Miscellaneous Financial		10/4/68	100.00	
† Other				

† Redemption yield.

F.T.—Actuaries indices are calculated by F.T.—Actuaries Limited (a member of the Exchange Telegraph Group) on an IBM 360 computer.

A current list of constituents of the F.T.—Actuaries Share Indices can be obtained from the Publisher, the Financial Times, Bracken House, Cannon Street, London, EC4A 3DF, price 15p. By post inland 16p. Commonwealth 16p. Foreign 19p.

CONSTITUTIONAL CHANGE: Bovril has been replaced by Scot Meat Products (Food Manufacturing).

FIXED INTEREST		Thursday, Sept. 2, 1971		Wednesday, Sept. 1, 1971		Tuesday, Sept. 30, 1970		Monday, Sept. 29, 1970		Sunday, Sept. 28, 1970		Year ago (approx)		Since completion			
		Index Pts.	Yield, %	Index Pts.	Yield, %	Index Pts.	Yield, %	Index Pts.	Yield, %	Index Pts.	Yield, %	Index Pts.	Yield, %	High	Low	High	Low
Counsels 2 1/2% yield		—	9.08	9.10	9.18	9.23	9.16	9.12	9.13	9.40	—	—	—	—	—	—	—
20-yr. Govt. Securities (8)		80.00	18.05	79.70	78.50	79.75	79.82	78.94	78.77	72.74	80.68	70.50	118.42	68	68	68	68
20-yr. Red. Debentures & Loans (15)		74.20	19.94	73.95	75.83	76.82	75.78	73.41	76.98	70.66	74.20	68.32	114.41	66	66	66	66
Investment Trusts Prefs. (15)		71.97	10.23	71.81	71.82	71.81	71.91	71.91	70.98	71.57	77.77	69.33	121.63	69	69	69	69
Commercial and Indust. Prefs. (20)		76.04	10.29	74.38	74.28	74.85	74.18	73.48	73.82	76.30	78.04	69.02	114.41	69	69	69	69



**ENGINEERING AND METAL-General-Contd.**      **HOTELS AND CATERERS-Continued**

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The Financial Times Friday September 3 1971

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## Lombard

### The need for a new economic policy

BY JOE ROGALY

HE WHO dares to insist that any particular "law" of economics is true is a brave man, particularly in these days when the traditional curve that allegedly depicts a lasting relationship between the level of unemployment and the rate of increases in wages has disappeared into the wild blue yonder. There is one particular law that I know to be right, with a conviction that is unassailable, since it derives from logic, experience.

### Mostly wrong

It is this: whatever any economic model says is going to happen to the economy over a period of years, and if it does turn out to be right it is a fluke. This has been undeniable over the past five years in America, during which the one safe bet to make about any economic forecast emanating from the official advisers to the U.S. Government has been that, whatever else happened, what was predicted would not. Experience on this side of the Atlantic has not been all that dissimilar.

This experience could conceivably be repeated as a result of the cut in Bank Rate which was decided upon for perfectly understandable international reasons (to keep out hot money from the sterling area) but which would alter the course of the domestic economy if it turned out to have a marked effect on confidence.

If general rates of interest follow the downward path to a greater extent than has been the case with previous cuts in Bank Rate, this should theoretically stimulate investment and encourage growth; by a happy accident for the Government this would contribute to its attempt to bail the economy out of the recession. The degree to which all this will render the National Institute's latest forecast even more inaccurate than it otherwise might have been is a matter for guesswork.

### Prices may rise

But what is not a matter for guesswork is that the Government's overall economic strategy to date has not been enough. The cut in Bank Rate may help to bring down the rate of unemployment more quickly but the effect on prices may well be adverse; by extension there could be added pressure on wages and earnings. The National Institute's prognostication of a fall in the rate of increase of earnings from 14 per cent. at the end of last year to under 12 per cent. at the end of next with prices still climbing at 8 per cent. next year is a new economic policy? It is not, but even if it turned out to be some accident to be correct the figures would still represent what in normal times would be called a crisis.

What is needed, more than ever now, is an incomes policy of the kind people could believe in. It is not a new economic policy in package form together with other direct measures, such as further assistance to the regions, it might have the same sort of restorative effect on confidence as Mr. Nixon's "new economic policy" did in the U.S. Yet, as subsequent experience on Wall Street has shown, the mere announcement of such a policy is not in itself sufficient to instil confidence—the actual policy must appear convincing.

### Incomes

The most difficult part to make convincing would be that relating to incomes. The American trade union leader, Mr. George Meany, appears intent on torpedoing Mr. Nixon's efforts to keep wages increasing down and the same would undoubtedly happen here if the policy were not devised with trade union co-operation from the start. But that some kind of policy for prices and incomes is now needed is evident. Mr. Arthur Okun, a former chairman of the presidential Council of Economic Advisers, who is by no means a maverick economist, testified to the Joint Economic Committee Congress this week that U.S. earnings should not be allowed to increase by more than 5 per cent. a year after the present freeze ends; price increases, he said, should be kept to even lower levels.

The difficulty with this kind of suggestion here is that our Government came to power on a policy that achieved control over incomes. The answer is that so did Mr. Nixon. He has eaten his words; the hope must be that before long Mr. Heath will decide that such a diet is not really so unpalatable after all.

## THE LEX COLUMN

# ICI's tussle with its margins

The low level of bargains yesterday—almost unchanged from Tuesday and Wednesday's level of just over 10,000—casts doubt on the quality of the index rise. This apart, the performance yesterday looked decidedly bullish. The point about the drop in Bank Rate is that its significance as a pointer to interest rates is progressively moving toward zero as the clearing banks move toward a prime rate system. Thus the mild enthusiasm generated in the market by the Rate move might have been turned to dust by disappointing figures from ICI. Disappointing figures were judged, so the performance of the index—up 5.2 pre-ICI, up 4.8 post-ICI, and up 5.9 at the close suggests unemotional buying.

The reason a pre-tax figure of 543m. in the second quarter against 544m. last year is disappointing is that the benefits of a series of price increases in the U.K. early in the year should have been much more strongly felt in the second quarter than in the first (when

profits were down £2m. to £40m. pre-tax). It is true that profit margins in the U.K. are described as being better than in the second half of 1970, but it is clear that they are down to the comparable period—and to judge from the effective tax charge, well down.

This recalls the question how far ICI's profits are seasonally affected. Going back five or six years there is an apparently irrefutable pattern of lower profitability in the second half, albeit that the group's fortunes were in a down-trend more years than not during the period. Meanwhile there is no major area of the group's business where it is easy to predict a good second half upturn against 1970, unless it be fertilisers and IMI—about 22 per cent of sales between them. While the question of U.K. demand remains hazy, therefore, the best that can be predicted is a second half rise in earnings from 544m. to say 545m., making a year's earnings of £5m. of which £4m. or so from tax rate changes. On

earnings pro forma for Carrington Vignola and Atlas of 203p the prospective p/e of 18½ would be at least better than the U.K. Actuaries average for the U.K. Decca

Decca's 1970-71 results may be depressing, with pre-tax profits down from £5.3m. to £3m., but they can hardly be called a surprise. Capitol's disasters in the U.S. record market, and their effect on EMI, have received ample coverage over the past year; and it seemed likely last January that Decca's capital goods side—electronics, navigators and radar—would make a loss. And that is the pattern with the consumer goods distribution down from £4.8m. to £3.7m. and capital goods £270,000 in the red against a £728,000 profit for 1969-70.

Recovery is the in-house message for the current year; and well it needs to be with earnings down from 14.5p to 8.9p a share and the p/e up to 18.6 with the "A" at 170p—half their 1970 "high." The

main thrust behind the recovery should come from the capital goods side, where Decca's recent policy may be described as product and market rationalisation—or more simply the end of an expensive crusade to get its navigational equipment taken up by the airlines in a big way. There is obvious further growth in colour TV, and Decca reckons that the last month has seen a change for the better in its U.S. record sales; higher consumer goods profits are in fact built into this year's budget. But it is unlikely, this year, that the market will act on indications of Boardroom optimism; last year the prediction was "consolidation" of the 1969-70 rise from 23m. to 25.4m. pre-tax.

Albright

With £1.68m. pre-tax against £1.40m., Albright and Wilson's interim figures bear out the group's hopes that the bottom has been passed, but it is much too early to celebrate. There have been delays in modifying the precipitators at the Long Harbour phosphorus plant, and though both furnaces have now

gone back on stream, the capability for a much higher production rate from now on has yet to be established. Meanwhile, a rise in the overall loss of associates from a net £0.13m. to £0.18m.—still unconsolidated—implies that the Belledune fertiliser operation in Canada remains deep in trouble.

However, Albright has trimmed down its U.K. operations, it has a good demand for detergent chemicals and, of course, there is £17.5m. of Tenneco's cash deposit which, apart from anything else, could mean a £250,000 second half investment profit after servicing the loan stock. That suggests a fair chance of doubling up for the year to £3.4m. pre-tax, making earnings around 2.5p a share. But a projected p/e of 11 at 28p is not obviously cheap, given the real risk of more setbacks at Long Harbour, while the upside potential is limited by Tenneco's option to convert at 32p and thus heavily dilute the equity; it would require nearly four times the current level of net attributable profits to double fully diluted earnings per share.

### Takeover talk

Yesterday's two main bids are likely to meet with different reactions. United Drapery's 32p for A & S. Henry, topping Gussies by 5p, ought to be recommended in the absence of another move from "GUS"; neither bidder's equity seems open to attack and it is hard to argue with a cash alternative of 80p from UDS against 74p from GUS. But GUS is still in the pole position, if it wants to be, owing 22 per cent. of the equity with its associates. Glynwed, meanwhile, seemed to be testing the market by adding 10p of loan stock to its bid for Twyford's, making 121p against the latter's price of 115p, up 2p last night. Twyford's will not like the scale or the currency of the increase; but unless the market moves in its favour—increasingly difficult, this, against a 1971 "low" of 38p—its case for continued independence might begin to look a bit thin.

## More explosions injure Belfast office workers

BY ROY HODSON

FOUR explosions, involving an estimated half-cwt. of gelignite, hit Belfast's office district on day today, the central area's busiest period. It was the worst daylight outrage so far. Cries of trapped and injured workers could be heard from the smoking office buildings. The life of the city was brought to a standstill.

Remarkably, only a handful of the 39 people hurt have serious injuries. The remainder are suffering from cuts and wounds from glass and falling masonry and, in the case of many people, by near the explosions, from shock.

The first bomb to explode was planted at the headquarters of the Ulster Unionist Party. Serious damage was caused and the blast blew in the windows of the newly completed Grand Metropolitan Hotel, £2.5m. Europa across the street.

Then a series of three more explosions ripped through a large office block called Bedford House and nearby buildings in which hundreds of staff were at work. The offices of several insurance companies were damaged, also the Ministry of Community Relations and Arts Council Centre. Groups of girls inside the buildings were trapped and confused by dense smoke while rescue attempts got under way. Meanwhile the Army cordoned off the area in case of further explosions.

One theory is that each bomb was concealed in a car parked inside the office car parks. Following the explosions, a series of telephone calls were received in



Mr. Brian Faulkner

the city warning that other bombs were about to go off. A number of offices and shops were evacuated but no more explosions occurred.

The Lord Mayor of Belfast tonight telegraphed Sir Heath for the second time within a week asking for better protection for the city and appealing to him to come and see conditions for himself.

Mr. Brian Faulkner, Prime Minister of Northern Ireland, said last night: "I hope that good may come out of such appalling evil in that these dreadful acts will show everyone in Ireland what disgusting people there are in the organisations responsible for these terrible deeds in Northern Ireland."

He went on to say that there was something that every able-bodied man could do. The Ulster

Defence Regiment needed 2,000 more men and the Royal Ulster Constabulary Reserve was open to take many more men.

Mr. Faulkner also asked businessmen to redouble their security efforts "in this war situation."

In Duhlin, Mr. Jack Lynch, the Irish Prime Minister, said he was "shocked" by the bombings.

"No Irishman with the least claims to ideals and principles, no Irishman with the least shred of Christianity or sanity can justify or condone the maiming or killing of innocent people—and I am including in this all those who have died by violence or been injured or disfigured for life in recent incidents. On behalf of the Government, I express my total condemnation of this dreadful violence," he said in a statement.

"I express our sympathy to the families and friends of those who have died in these incidents and to those who have suffered injuries."

Phillips Rawsterne writes: Northern Ireland and the economic situation were the main subjects discussed by the Cabinet in a short general review of Government policies.

Lord Balmale, Minister of State for Defence, and Mr. Paul Bryan, Minister of State for Employment, deputised at the Downing Street meeting for Lord Carrington and Mr. Robert Carr who are on holiday.

Mr. Heath afterwards left Downing Street for Burnham-on-Crouch where he is expected to spend the next two days before returning to Chequers for his talks on Monday with Mr. Lynch, the Irish Prime Minister.

## BP oil strike in Libya

By Richard Johns

BRITISH PETROLEUM has had an oil strike in its Libyan Concession No. 65 which it shares with the American Independent Bunker Hunt.

According to a company spokesman, the well has yet to be tested for flow rate or quality. And, indeed, has yet to be completed. It is understood to be a long way from the existing oil field of Sarir.

This might prove an embarrassment if the find is only a modest one and the Libyan Government brings pressure to bear on the company to develop it.

Currently, the output of the Sarir field is running at 420,000 barrels a day (about 20m. tons a year) compared with the 400,000 b/d average in 1970.

## Start soon on £17m. Rutland reservoir

GLEESON CIVIL Engineering is to build the Emphingham reservoir in Rutland for the Welland and Nene River Authority. Gleeson was one of eight companies which tendered for the £5.5m. work. The total cost of the reservoir scheme is £72m.

The reservoir will yield over 50m. gallons a day, of which 36m. gallons is to be taken by the mid-Northamptonshire Water Board.

To be supplied mainly by water pumped from the rivers Welland and Nene, Emphingham will have a volume of 27,500m. gallons and a surface area of water covering 3,114 acres. Its maximum depth will be 110 feet, with an average depth of 35 feet.

Work is to start this month and will take four years to complete. The reservoir will bring additional water resources to one of the most rapidly expanding areas of industrial and domestic development, including Northampton, Peterborough and Corby.

## £10 pay offer to Olsen dockers

BY ALEX HENDRY, LABOUR REPORTER

PAY increases of about £10 a week are understood to have been negotiated for dockers employed by the Norwegian-owned Fred Olsen Lines in London.

The offer is expected to be put to the 240 dock workers either today or early next week. If accepted it will take their annual wage to more than £2,500 a year. And it will increase pressure on the employers of 10,500 other port workers in London's enclosed docks, who have turned down a pay claim for their employees.

The 10,500 have been on weekly rates of £36.50 or £39 since September last when piecework was ended and two-shift working introduced. The Olsen men have been on £39 a week with shift-working since June, 1968. That deal led other port employers to protest to the Department of Employment.

### Two-year deal

The new two-year deal, which also improves payments for week-end working and social benefits, is certain to generate more anger against Olsen, which is not a member of the Port Employers' Association.

Within the last few weeks 2,500 London riverside dock workers have had increases of 5 per cent. in their basic rate and up to 5 per cent. in their bonuses. And at the Victoria Deepwater Terminal increases of £10 a week were given to its dock workers, making their basic rate £32.85, with a 71 per cent. bonus on top.

Enclosed docks employers have opposed the claim for their 10,500 dockers on the grounds that there must be an improvement in productivity—which is below the level in the port where the current deal was signed last September—before they can pay out any more money. They have warned dock union

leaders that some companies may be forced to leave the port if costs are pushed any higher. One company, Hovey Amsterdam, is expected to inform the Dock Labour Board on Monday that it is ceasing operations in London and will return about 220 dock workers to the pool of unemployed men. It is hoped that most of them will be found alternative work with other employers in the port.

## N. Yorkshire search for gas fields

AN EXTENSIVE exploration in the North Yorkshire countryside is to be made by Home Oil of Canada over the next two years in a search for commercial natural gas fields which company officials are confident exist.

Mr. Howard Geddes, managing director of Home Oil's British operation, said here today: "We think prospects are good. We are firmly convinced there must be several more commercial gas fields in this area."

A drill rig is now operating at Wykeham, near Pickering. The site had been given to the company by the Yorkshire Development Corporation.

Mr. Geddes felt the best chances of finding gas fields would be in the Pickering-Malton area.

## NEW RENAULT MODELS HERE

The 1972 Renault models are introduced in the U.K. today. Most incorporate some new feature or refinement. There are new retail prices. The 15 TL now costs £1,098.90 (old price £955.90 plus 4.5 per cent.) and the 16 TL £1,198.90 (old price £1,147.10 plus 4.4 per cent.).

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## BEA bid to break pilots' pay deadlock

BY RAY DAFTER

BEA officials yesterday told some way towards meeting these pilot representatives that any objections. But before the meeting, which was still continuing late last night, Mr. Gordon Hurley, BALPA spokesman, said that the meeting had been called in an attempt to break the deadlock in negotiations on pay and conditions which started in April. The two sides were trying to arrive at a basis for resuming talks.

BEA yesterday sent a letter to the British Air Line Pilots' Association which, according to an airline spokesman, contained a formula "which we believe will get both sides back to the negotiating table."

The pilots have objected about three conditions imposed by BEA on future negotiations. The letter is understood to have gone

## Mintoff may negotiate on British offer

BY OUR OWN CORRESPONDENT

BRITAIN today replied to Mr. Dom Mintoff's proposals made to Lord Carrington, the British Defence Secretary, two weeks ago. The British despatch was reviewed by the Cabinet this morning during a three-hour meeting.

It is generally felt that Mr. Mintoff this time will agree to open formal negotiations on the basis of the British offer. Especially since everyone, including top Malta Labour Party officials, believes there is little chance of Britain or NATO increasing the offer.

What is likely to emerge, according to various sources, will be a four to five year accord granting British troops a more restricted garrison. The airport, which is also used by the RAF, will still be used by British aircraft on behalf of NATO and Mr. Mintoff will also allow NATO fleets to enter Maltese ports.

Mr. Mintoff last night discussed with President Khamis the prospects of Libyan investment in Maltese industrial projects. A high-powered Maltese delegation will go to Tripoli on Sunday to discuss details of a possible immediate agreement.

Continued from Page 1

## Registration will divide TUC

pre-Congress meeting of union delegations this week-end. The debate on the issue was opened by the General Secretary today by Lord Cooper, this year's TUC chairman and general secretary of the General and Municipal Workers' Union who, despite being in the chair, argued strongly in favour of the TUC's Croydon policy and repeated his own view that he was in favour of registration.

This discussion continued for 2½ hours, with 29 of the 39 union members speaking. It centred around the decision of the construction workers, engineers and transport workers to combine their resolutions and amendments into a motion which said it "viewed with concern" the decision of some unions to

register and added that Congress "instructs the General Council to support all unions in their fight against this legislation and therefore instructs affiliated unions not to register under the Act and to take measures to remove themselves from the provisional register."

But this was first qualified by a phrase from the transport workers, "recognising that the policy of non-registration can only be effective if all affiliated unions act collectively." The composite motion can therefore be regarded as the last attempt by most of the Left-wing unions to present a militant line over registration, but because of the transport workers' qualifying phrase it remains to be seen

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